

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION

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



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

Patricia Wilson
Business Administrator/Board Secretary
(732) 396-1010
Fax (732) 827-0517

February 5, 2021
Honorable President and
Members of the Board of Education
City of Rahway Public Schools
County of Union, New Jersey

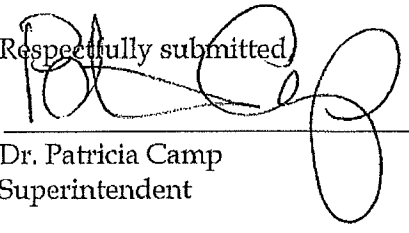
Dear Board Members:

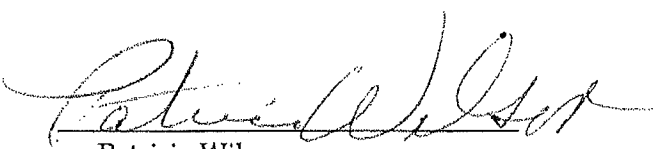
The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Rahway Board of Education (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 the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") and Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the 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.

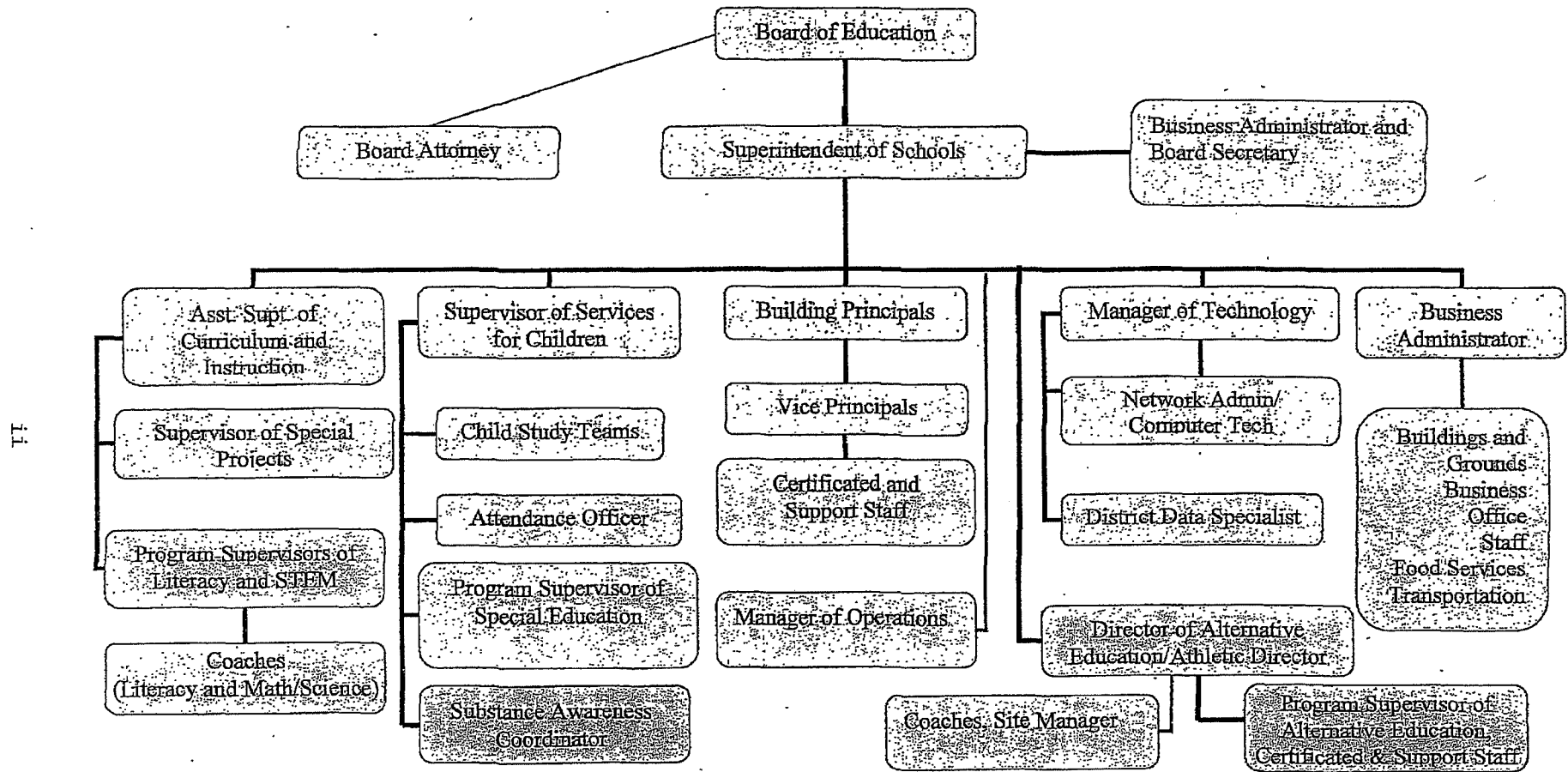
Respectfully submitted,


Dr. Patricia Camp
Superintendent


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, 2020

<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
Carlos Garay	2020
Laura Giacobbe	2022
Brittany Hale	2020
Lori Kennedy	2021
Eric Miles	2021
Dorian Timmons	2020

Other Officials

Dr. Patricia Camp, Superintendent of Schools

Patricia Wilson, Business Administrator/Board Secretary

Margaret Miller, Board Attorney (General Counsel)

Mark A Tabakin, Esq., 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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, 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 February 5, 2021 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 solely 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
February 5, 2021

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, 2020**

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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows

- In total, net position increased \$2,110,458. Net Position of Governmental Activities increased \$2,006,606 which represents a 12% increase from the prior year. Net Position of the Business-Type activity, which represents the food service program, increased \$103,852 or 15% from the prior year.
- General Revenues accounted for \$65,642,131 or 69% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$29,193,896 or 31% of total revenues of \$94,836,027.
- The School District had \$91,091,003 in expenses for governmental activities: only \$27,455,478 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$65,642,131 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, 2020**

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 2020?" 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, 2020**

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, 2020 and 2019. The table on the following page provides an analysis of the changes in net position from 2019 to 2020.

**Statement of Net Position
as of June 30, 2020 and 2019**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	\$ 10,086,769	\$ 6,934,137	\$ 504,720	\$ 335,309	\$ 10,591,489	\$ 7,269,446
Capital Assets, Net	<u>44,453,308</u>	<u>45,642,136</u>	<u>380,198</u>	<u>399,064</u>	<u>44,833,506</u>	<u>46,041,200</u>
Total Assets	<u>54,540,077</u>	<u>52,576,273</u>	<u>884,918</u>	<u>734,373</u>	<u>55,424,995</u>	<u>53,310,646</u>
Deferred Outflows of Resources	<u>2,366,903</u>	<u>3,766,258</u>	<u>-</u>	<u>-</u>	<u>2,366,903</u>	<u>3,766,258</u>
Liabilities:						
Long-Term Liabilities	29,406,372	33,461,960			29,406,372	33,461,960
Other Liabilities	<u>4,460,481</u>	<u>2,050,185</u>	<u>75,343</u>	<u>32,100</u>	<u>4,535,824</u>	<u>2,082,285</u>
Total Liabilities	<u>33,866,853</u>	<u>35,512,145</u>	<u>75,343</u>	<u>32,100</u>	<u>33,942,196</u>	<u>35,544,245</u>
Deferred Inflows of Resources	<u>5,070,531</u>	<u>4,867,396</u>	<u>5,595</u>	<u>2,145</u>	<u>5,076,126</u>	<u>4,869,541</u>
Net Position:						
Net Investment in Capital Assets	29,906,038	29,646,771	380,198	399,064	30,286,236	30,045,835
Restricted for:						
Debt Service	7,287	7,286			7,287	7,286
Maintenance	256,816	250,600			256,816	250,600
Capital Projects	2,755,517	1,277,042			2,755,517	1,277,042
Unrestricted	<u>(14,956,062)</u>	<u>(15,218,709)</u>	<u>423,782</u>	<u>301,064</u>	<u>(14,532,280)</u>	<u>(14,917,645)</u>
Total Net Position	<u>\$ 17,969,596</u>	<u>\$ 15,962,990</u>	<u>\$ 803,980</u>	<u>\$ 700,128</u>	<u>\$ 18,773,576</u>	<u>\$ 16,663,118</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 31,015	\$ 97,632	\$ 570,014	\$ 827,039	\$ 601,029	\$ 924,671
Operating Grants and Contributions	26,793,693	29,260,113	1,168,404	1,350,805	27,962,097	30,610,918
Capital Grants and Contributions	630,770	111,105			630,770	111,105
General Revenues						
Property Taxes	45,315,135	44,565,427			45,315,135	44,565,427
Grants and Entitlements	20,041,655	18,426,830			20,041,655	18,426,830
Other	285,341	395,604	-	-	285,341	395,604
Total Revenues	<u>93,097,609</u>	<u>92,856,711</u>	<u>1,738,418</u>	<u>2,177,844</u>	<u>94,836,027</u>	<u>95,034,555</u>
Program Expenses						
Instruction						
Regular	34,208,910	37,077,468			34,208,910	37,077,468
Special Education	16,757,803	16,515,940			16,757,803	16,515,940
Other Instruction	6,501,603	6,551,102			6,501,603	6,551,102
School Sponsored Activities	1,361,485	1,466,336			1,361,485	1,466,336
Support Services						
Student and Instruction Related Services	14,422,099	12,466,445			14,422,099	12,466,445
School Administration Services	3,892,595	3,900,152			3,892,595	3,900,152
General & Central Administration Services	2,689,815	2,525,423			2,689,815	2,525,423
Plant Operations and Maintenance	5,537,396	6,866,975			5,537,396	6,866,975
Pupil Transportation	3,164,305	3,257,638			3,164,305	3,257,638
Interest on Long-Term Debt	482,402	519,425			482,402	519,425
Unallocated Depreciation	2,072,590	2,072,590			2,072,590	2,072,590
Food Service	-	-	1,634,566	2,163,227	1,634,566	2,163,227
Total Expenses	<u>91,091,003</u>	<u>93,219,494</u>	<u>1,634,566</u>	<u>2,163,227</u>	<u>92,725,569</u>	<u>95,382,721</u>
Change in Net Position	<u>\$ 2,006,606</u>	<u>\$ (362,783)</u>	<u>\$ 103,852</u>	<u>\$ 14,617</u>	<u>\$ 2,110,458</u>	<u>\$ (348,166)</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program Expenses				
Instruction				
Regular	\$ 34,208,910	\$ 37,077,468	\$ 23,297,960	\$ 23,548,008
Special Education	16,757,803	16,515,940	10,116,103	9,466,716
Other Instruction	6,501,603	6,551,102	4,559,121	4,764,467
School Sponsored Activities	1,361,485	1,466,336	1,350,330	1,417,323
Support Services				
Student and Instruction Related Services	14,422,099	12,466,445	9,554,522	8,784,215
School Administrative Services	3,892,595	3,900,152	3,094,183	2,959,318
General and Central Administrative Services	2,689,815	2,525,423	2,476,266	2,246,457
Plant Operations and Maintenance	5,537,396	6,866,975	4,463,042	5,687,355
Pupil Transportation	3,164,305	3,257,638	2,223,923	2,344,248
Interest on Long-Term Debt	482,402	519,425	427,485	459,947
Unallocated Depreciation	<u>2,072,590</u>	<u>2,072,590</u>	<u>2,072,590</u>	<u>2,072,590</u>
 Total Governmental Activities	 <u>\$ 91,091,003</u>	 <u>\$ 93,219,494</u>	 <u>\$ 63,635,525</u>	 <u>\$ 63,750,644</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, 2020**

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 \$93,097,609 for the year ended June 30, 2020. Property taxes made up 49% of revenues for governmental activities for the Rahway School District for fiscal year 2020. Federal, State, and local grants accounted for another 50% 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 \$103,852.
- Charges for services represent \$570,014 or 33% 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 \$1,168,404 or 67% 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 \$88,557,498 and expenditures of \$87,822,567.

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, 2020 and 2019:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School District's Funds (Continued)

**Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2020 and 2019**

	Fiscal		Amount of Increase (Decrease)	Percent Change
	<u>Year Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>		
Revenues				
Local Sources				
Tax Levy	\$ 45,315,135	\$ 44,565,427	\$ 749,708	1.7%
Other	573,429	546,369	27,060	5.0%
State Sources	40,708,971	38,211,749	2,497,222	6.5%
Federal Sources	<u>1,959,963</u>	<u>1,930,452</u>	<u>29,511</u>	1.5%
Total Revenues	<u>\$ 88,557,498</u>	<u>\$ 85,253,997</u>	<u>\$ 3,303,501</u>	3.9%

Total Governmental Funds revenues increased by \$3,303,501 or 3.9% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2020 and 2019:

**Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2020 and 2019**

	Fiscal		Amount of Increase (Decrease)	Percent Change
	<u>Year Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>		
Expenditures				
Instruction	\$ 55,352,205	\$ 55,789,832	\$ (437,627)	-0.8%
Support Services	28,863,770	27,217,633	1,646,137	6.0%
Capital Outlay	917,622	202,594	715,028	352.9%
Debt Service	<u>2,688,970</u>	<u>2,554,816</u>	<u>134,154</u>	5.3%
Total Expenditures	<u>\$ 87,822,567</u>	<u>\$ 85,764,875</u>	<u>\$ 2,057,692</u>	2.4%

The Governmental Funds expenditures increased by 2.4% from the previous year.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020, the School District had \$44,453,308 and \$45,642,136, 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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress		12,000
Buildings and Building Improvements	71,051,123	71,051,123
Improvements Other than Buildings	2,127,798	1,422,755
Machinery and Equipment	<u>2,406,642</u>	<u>2,182,063</u>
	77,132,008	76,214,386
Less: Accumulated Depreciation	<u>(32,678,700)</u>	<u>(30,572,250)</u>
Capital Assets, Net	<u>\$ 44,453,308</u>	<u>\$ 45,642,136</u>

Overall, capital assets, net of depreciation decreased \$1,188,828 from fiscal year 2019 to fiscal year 2020.

**Business Type Activities Capital Assets
At June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Machinery and Equipment	802,830	789,605
Less: Accumulated Depreciation	<u>(422,632)</u>	<u>(390,541)</u>
Capital Assets, Net	<u>\$ 380,198</u>	<u>\$ 399,064</u>

Overall, capital assets, net of depreciation decreased \$18,866 from fiscal year 2019 to fiscal year 2020.

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, 2020**

Debt Administration

At June 30, 2020, the School District had \$29,406,372 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

**Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 14,594,221	\$ 15,977,526
Obligations Under Lease Purchase Agreements	448,309	1,352,544
Net Pension Liability	12,807,482	14,368,167
Compensated Absences	<u>1,556,360</u>	<u>1,763,723</u>
Total	<u>\$ 29,406,372</u>	<u>\$ 33,461,960</u>

At June 30, 2020, the School District's remaining legal debt margin (borrowing capacity) was \$97,990,338.

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, 2020**

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

DISTRICT-WIDE FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,352,985	\$ 375,835	\$ 8,728,820
Cash with Fiscal Agents	7,497		7,497
Intergovernmental Receivables	1,726,287	86,124	1,812,411
Receivables, net		9,053	9,053
Inventory		33,708	33,708
Capital Assets Not Being Depreciated	1,546,445		1,546,445
Capital Assets, Being Depreciated, net	<u>42,906,863</u>	<u>380,198</u>	<u>43,287,061</u>
Total Assets	<u>54,540,077</u>	<u>884,918</u>	<u>55,424,995</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	427,048		427,048
Deferred Amount on Net Pension Liability	<u>1,939,855</u>	<u>-</u>	<u>1,939,855</u>
Total Deferred Outflows of Resources	<u>2,366,903</u>	<u>-</u>	<u>2,366,903</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,755,789	50,726	3,806,515
Accrued Interest	231,197		231,197
Payable to Other Governments	70		70
Unearned Revenue	473,425	24,617	498,042
Noncurrent Liabilities			
Due Within One Year	1,519,770		1,519,770
Due Beyond One Year	<u>27,886,602</u>	<u>-</u>	<u>27,886,602</u>
Total Liabilities	<u>33,866,853</u>	<u>75,343</u>	<u>33,942,196</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		5,595	5,595
Deferred Amount on Net Pension Liability	<u>5,070,531</u>	<u>-</u>	<u>5,070,531</u>
Total Deferred Inflows of Resources	<u>5,070,531</u>	<u>5,595</u>	<u>5,076,126</u>
NET POSITION			
Net Investment in Capital Assets	29,906,038	380,198	30,286,236
Restricted for:			
Debt Service	7,287		7,287
Maintenance	256,816		256,816
Capital Projects	2,755,517		2,755,517
Unrestricted	<u>(14,956,062)</u>	<u>423,782</u>	<u>(14,532,280)</u>
Total Net Position	<u>\$ 17,969,596</u>	<u>\$ 803,980</u>	<u>\$ 18,773,576</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, 2020**

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	\$ 34,208,910		\$ 10,707,460	\$ 203,490	\$ (23,297,960)		\$ (23,297,960)
Special Education	16,757,803	\$ 31,015	6,610,685		(10,116,103)		(10,116,103)
Other Instruction	6,501,603		1,515,202	427,280	(4,559,121)		(4,559,121)
School Sponsored Activities	1,361,485		11,155		(1,350,330)		(1,350,330)
Support Services							
Student and Instruction Related Svcs.	14,422,099		4,867,577		(9,554,522)		(9,554,522)
General Administration	1,307,566		6,284		(1,301,282)		(1,301,282)
School Administration	3,892,595		798,412		(3,094,183)		(3,094,183)
Central Services	1,382,249		207,265		(1,174,984)		(1,174,984)
Plant Operations and Maintenance	5,537,396		1,074,354		(4,463,042)		(4,463,042)
Pupil Transportation	3,164,305		940,382		(2,223,923)		(2,223,923)
Interest on Long-Term Debt	482,402		54,917		(427,485)		(427,485)
Unallocated Depreciation	2,072,590		-		(2,072,590)		(2,072,590)
Total Governmental Activities	<u>91,091,003</u>	<u>31,015</u>	<u>26,793,693</u>	<u>630,770</u>	<u>(63,635,525)</u>	<u>-</u>	<u>(63,635,525)</u>
Business-Type Activities							
Food Service	<u>1,634,566</u>	<u>570,014</u>	<u>1,168,404</u>	<u>-</u>	<u>-</u>	<u>\$ 103,852</u>	<u>103,852</u>
Total business-type activities	<u>1,634,566</u>	<u>570,014</u>	<u>1,168,404</u>	<u>-</u>	<u>-</u>	<u>103,852</u>	<u>103,852</u>
Total Primary Government	<u>\$ 92,725,569</u>	<u>\$ 601,029</u>	<u>\$ 27,962,097</u>	<u>\$ 630,770</u>	<u>(63,635,525)</u>	<u>103,852</u>	<u>(63,531,673)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					43,073,732		43,073,732
Debt Service					2,241,403		2,241,403
State Aid - Unrestricted					19,886,661		19,886,661
State Aid Restricted for Debt Service					154,994		154,994
Interest on Deposits					55,990		55,990
Miscellaneous Income					229,351		229,351
Total General Revenues					<u>65,642,131</u>	<u>-</u>	<u>65,642,131</u>
Change in Net Position					2,006,606	103,852	2,110,458
Net Position, Beginning of Year (Restated)					<u>15,962,990</u>	<u>700,128</u>	<u>16,663,118</u>
Net Position, End of Year					<u>\$ 17,969,596</u>	<u>\$ 803,980</u>	<u>\$ 18,773,576</u>

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

FUND FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,837,782	\$ 194,032	\$ 4,321,170	\$ 1	\$ 8,352,985
Due from Other Funds	5,295,301				5,295,301
Receivables From Other Governments	137,540	402,221	1,186,526		1,726,287
Other Receivables					-
Restricted Assets					
Cash with Fiscal Agents	-	-	7,497	-	7,497
Total Assets	<u>\$ 9,270,623</u>	<u>\$ 596,253</u>	<u>\$ 5,515,193</u>	<u>1</u>	<u>\$ 15,382,070</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 729,219	\$ 145,458	\$ 19,866		894,543
Loan Payable	2,861,246				2,861,246
Due to Other Funds			5,295,301		5,295,301
Payable to State Government		70			70
Unearned Revenue	-	450,725	22,700	-	473,425
Total Liabilities	<u>3,590,465</u>	<u>596,253</u>	<u>5,337,867</u>	<u>-</u>	<u>9,524,585</u>
Fund Balances					
Restricted					
Capital Reserve	2,653,689				2,653,689
Maintenance Reserve	256,816				256,816
Debt Service			7,286	\$ 1	7,287
Capital Projects			170,040		170,040
Excess Surplus	1,910,141				1,910,141
Excess Surplus, Designated for Subsequent Year's Expenditures	1,956,303				1,956,303
Assigned					
Year End Encumbrances	190,513				190,513
Designated for Subsequent Year's Expenditures	280,327				280,327
Unassigned	<u>(1,567,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,567,631)</u>
Total Fund Balances	<u>5,680,158</u>	<u>-</u>	<u>177,326</u>	<u>1</u>	<u>5,857,485</u>
Total Liabilities and Fund Balances	<u>\$ 9,270,623</u>	<u>\$ 596,253</u>	<u>\$ 5,515,193</u>	<u>\$ 1</u>	

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

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2020**

Total Fund Balances (Exhibit B-1)		\$ 5,857,485
 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 \$77,132,008 and the accumulated depreciation is \$32,678,700.		44,453,308
Accrued interest on long-term liabilities are not reported as liabilities in the fund.		(231,197)
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.		427,048
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	\$ 1,939,855	
Deferred Inflows of Resources	<u>(5,070,531)</u>	
		(3,130,676)
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.		
Bonds Payable	(14,594,221)	
Obligations Under Lease Purchase	(448,309)	
Compensated Absences	(1,556,360)	
Net Pension Liability	<u>(12,807,482)</u>	
		<u>(29,406,372)</u>
 Net Position of Governmental Activities		 \$ 17,969,596

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 43,073,732			\$ 2,241,403	\$ 45,315,135
Tuition	31,015				31,015
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Maintenance Reserve Fund	100				100
Interest on Deposits	36,745		\$ 19,045		55,790
Miscellaneous	229,351	\$ 53,583	203,490	-	486,424
Total - Local Sources	43,371,043	53,583	222,535	2,241,403	45,888,564
State Sources	35,878,742	4,620,318		209,911	40,708,971
Federal Sources	141,994	1,817,969	-	-	1,959,963
Total Revenues	79,391,779	6,491,870	222,535	2,451,314	88,557,498
EXPENDITURES					
Current					
Instruction					
Regular Instruction	28,916,687	2,779,769	213,999		31,910,455
Special Education Instruction	15,122,194	900,509			16,022,703
Other Instruction	6,060,964	3,600			6,064,564
School Sponsored Co-Curricular Activities	1,354,483				1,354,483
Support Services					
Student and Instruction Related Services	11,256,466	2,470,712			13,727,178
General Administration Services	1,295,859				1,295,859
School Administration Services	3,657,430				3,657,430
Business/Central Services	1,527,533				1,527,533
Plant Operations and Maintenance	5,496,400				5,496,400
Pupil Transportation	3,159,370				3,159,370
Debt Service					
Principal	209,235			1,810,000	2,019,235
Interest and Other Charges	28,422			641,313	669,735
Capital Outlay	20,422	427,280	469,920	-	917,622
Total Expenditures	78,105,465	6,581,870	683,919	2,451,313	87,822,567
Excess (Deficiency) of Revenues Over (Under) Expenditure	1,286,314	(90,000)	(461,384)	1	734,931
OTHER FINANCING SOURCES (USES)					
Transfers In	18,935	90,000	111,570		220,505
Transfers Out	(201,570)	-	(18,935)	-	(220,505)
Total Other Financing Sources and Uses	(182,635)	90,000	92,635	-	-
Net Change in Fund Balances	1,103,679	-	(368,749)	1	734,931
Fund Balance, Beginning of Year	4,576,479	-	546,075	-	5,122,554
Fund Balance, End of Year	\$ 5,680,158	\$ -	\$ 177,326	\$ 1	\$ 5,857,485

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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 734,931

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	\$ 917,622	
Depreciation Expense	<u>(2,106,450)</u>	(1,188,828)

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.

Principal Repayments:		
Lease Purchase Principal	904,235	
Bond Principal	<u>1,115,000</u>	2,019,235

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		(88,377)

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	7,405	
Amortization of Original Issue Premium	268,305	
Decrease in Pension Expenses	46,572	
Decrease in Compensated Absences	<u>207,363</u>	529,645

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,006,606

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 375,835
Accounts Receivable	
Intergovernmental	86,124
Accounts	9,053
Inventory	<u>33,708</u>
Total Current Assets	<u>504,720</u>
Capital Assets	
Furniture, Machinery and Equipment	802,830
Less: Accumulated Depreciation	<u>(422,632)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>380,198</u>
Total Assets	<u>884,918</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	50,726
Unearned Revenue	<u>24,617</u>
Total Current Liabilities	<u>75,343</u>
Total Liabilities	<u>75,343</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>5,595</u>
Total Deferred Inflows of Resources	<u>5,595</u>
NET POSITION	
Investment in Capital Assets	380,198
Unrestricted	<u>423,782</u>
Total Net Position	<u>\$ 803,980</u>

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

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 308,757
Daily Sales - Non-Reimbursable Programs	241,325
Other Sales	<u>19,932</u>
Total Operating Revenues	<u>570,014</u>
OPERATING EXPENSES	
Cost of Sales	
Reimbursable Programs	476,234
Non-Reimbursable Programs	85,853
USDA Commodities	136,118
Salaries and Wages	565,880
Employee Benefits	40,751
Management Fee	77,943
Other Purchased Technical Services	37,383
Other Purchased Services	16,600
Supplies and Materials	65,801
Repairs and Maintenance	6,689
Insurance	80,211
Laundry/Uniforms	8,842
Other Expenses	4,170
Depreciation	<u>32,091</u>
Total Operating Expenses	<u>1,634,566</u>
Operating Loss	<u>(1,064,552)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	17,394
Federal Sources	
National School Lunch Program	
Cash Assistance	816,337
Non-Cash Assistance	136,118
National School Breakfast Program	<u>198,555</u>
Total Nonoperating Revenues	<u>1,168,404</u>
Change in Net Position	103,852
Net Position, Beginning of Year	<u>700,128</u>
Net Position, End of Year	<u><u>\$ 803,980</u></u>

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

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 584,144
Payments for Employees Salaries and Benefits	(606,631)
Payments to Suppliers	<u>(843,996)</u>
Net Cash Used for Operating Activities	<u>(866,483)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipts from Other Funds	231,543
Receipts from State and Federal Subsidies	<u>1,024,000</u>
Net Cash Provided By Non-Capital Financing Activities	<u>1,255,543</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(13,225)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(13,225)</u>
Net Increase in Cash and Cash Equivalents	375,835
Cash and Cash Equivalents—Beginning of Year	<u>-</u>
Cash and Cash Equivalents—End of Year	<u>\$ 375,835</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	<u>\$ (1,064,552)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	32,091
Food Distribution (USDA Commodities) National School Lunch Program	136,118
Changes in Assets, Liabilities and Deferred Inflows of Resources	
Decrease in Accounts Receivable, Net	1,526
Increase in Inventory	(18,359)
Increase in Deferred Inflows of Resources	3,450
Increase in Unearned Revenue	12,604
Increase in Accounts Payable	<u>30,639</u>
Total Adjustments	<u>198,069</u>
Net Cash Used For Operating Activities	<u>\$ (866,483)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	<u>\$ 139,568</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, 2020**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 171,259	\$ 332,216	\$ 2,683,746
Due from Other Funds	-	127,315	-
Total Assets	171,259	459,531	\$ 2,683,746
LIABILITIES			
Accounts Payable	1,950		
Intergovernmental Accounts Payable		25,480	
Due to Student Groups			\$ 268,650
Due to Other Funds			127,315
Payroll Deductions and Withholdings			378,520
Reserve for Flex Spending Account			21,039
Summer Savings			1,890,683
Accrued Salaries and Wages	-	-	(2,461)
Total Liabilities	1,950	25,480	\$ 2,683,746
NET POSITION			
Held In Trust For Unemployment Claims		434,051	
Reserved for Scholarships	169,309	-	
Total Net Position	\$ 169,309	\$ 434,051	

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, 2020**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions		
Employee		\$ 65,906
Other	\$ 28,445	-
Total Contributions	<u>28,445</u>	<u>65,906</u>
Investment Earnings		
Interest	<u>1,391</u>	<u>675</u>
Net Investment Earnings	<u>1,391</u>	<u>675</u>
Total Additions	<u>29,836</u>	<u>66,581</u>
Deductions:		
Unemployment Claims and Contributions		45,154
Scholarships Awarded	<u>2,950</u>	<u>-</u>
Total Deductions	<u>2,950</u>	<u>45,154</u>
Change in Net Position	26,886	21,427
Net Position, Beginning of Year	<u>142,423</u>	<u>412,624</u>
Net Position, End of Year	<u>\$ 169,309</u>	<u>\$ 434,051</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, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

C. Basis of Presentation - Financial Statements

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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 administrators, teachers and special events.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the District reports the following fund types:

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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.

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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 2).

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 2).

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2019 audited excess surplus that was appropriated in the 2020/2021 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 2020/2021 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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 2018-2019 and 2019-2020 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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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.

NOTE 2 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. Districts that have their school board members elected in November are not required to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval. 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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$1,634,896. The increase was funded by the additional appropriation of maintenance reserve and capital reserve funds, additional grant awards and the reappropriation of prior year general fund encumbrances.

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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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			
Capital Outlay			
Equipment – Custodial Services	\$2,270	\$2,431	\$161

The above variance was offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,567,631 in the General Fund as of June 30, 2020 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 2019/2020 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 \$1,567,631 in the General Fund is less than the delayed state aid payments at June 30, 2020.

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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$	899,989
Increased by:			
Interest Earnings	\$	100	
Deposits by Board Resolution		<u>1,850,000</u>	
			<u>1,850,100</u>
			2,750,089
Decreased by:			
Withdrawals Approved by Board Resolution		<u>96,400</u>	
Balance, June 30, 2020		\$	<u>2,653,689</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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$	250,600
Increased by			
Interest Earnings	\$	100	
Unexpended Withdrawals		56,116	
Deposits by Board Resolution		<u>150,000</u>	
			<u>206,216</u>
			456,816
Decreased by:			
Withdrawal Approved by Board Resolution		<u>200,000</u>	
Balance, June 30, 2020		\$	<u>256,816</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2020 is \$3,866,444. Of this amount, \$1,956,303 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$1,910,141 is required to be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$11,923,538 and bank and brokerage firm balances of the Board's deposits amounted to \$12,722,262. 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>12,722,262</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2020 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:					
Intergovernmental-					
Federal		\$ 402,221		\$ 85,301	487,522
State	\$ 137,540		\$ 1,186,526	823	1,324,889
Local	-	-	-	9,053	9,053
	<u>137,540</u>	<u>402,221</u>	<u>1,186,526</u>	<u>95,177</u>	<u>1,821,464</u>
Gross Receivables					
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 137,540</u>	<u>\$ 402,221</u>	<u>\$ 1,186,526</u>	<u>\$ 95,177</u>	<u>\$ 1,821,464</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 449,652
Grant Draw Downs Reserved for Encumbrances	1,073
Capital Projects Fund	
Unrealized School Facilities Grants	<u>22,700</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 473,425</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, June 30, 2019</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>12,000</u>	<u>-</u>	<u>\$ (12,000)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,558,445</u>	<u>-</u>	<u>(12,000)</u>	<u>1,546,445</u>
 Capital Assets, Being Depreciated:				
Buildings and Building Improvements	71,051,123			71,051,123
Improvements other than Buildings	1,422,755	\$ 693,043	12,000	2,127,798
Machinery and Equipment	<u>2,182,063</u>	<u>224,579</u>	<u>-</u>	<u>2,406,642</u>
Total Capital Assets Being Depreciated	<u>74,655,941</u>	<u>917,622</u>	<u>12,000</u>	<u>75,585,563</u>
 Less Accumulated Depreciation for:				
Buildings and Building Improvements	(28,501,611)	(1,991,867)		(30,493,478)
Improvements other than Buildings	(689,930)	(59,499)		(749,429)
Machinery and Equipment	<u>(1,380,709)</u>	<u>(55,084)</u>	<u>-</u>	<u>(1,435,793)</u>
Total Accumulated Depreciation	<u>(30,572,250)</u>	<u>(2,106,450)</u>	<u>-</u>	<u>(32,678,700)</u>
 Total Capital Assets, Being Depreciated, Net	<u>44,083,691</u>	<u>(1,188,828)</u>	<u>12,000</u>	<u>42,906,863</u>
 Governmental Activities Capital Assets, Net	<u>\$ 45,642,136</u>	<u>\$ (1,188,828)</u>	<u>\$ -</u>	<u>\$ 44,453,308</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 789,605	\$ 13,225	-	\$ 802,830
Total Capital Assets Being Depreciated	<u>789,605</u>	<u>13,225</u>	<u>-</u>	<u>802,830</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(390,541)</u>	<u>(32,091)</u>	<u>-</u>	<u>(422,632)</u>
Total Accumulated Depreciation	<u>(390,541)</u>	<u>(32,091)</u>	<u>-</u>	<u>(422,632)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 399,064</u>	<u>\$ (18,866)</u>	<u>\$ -</u>	<u>\$ 380,198</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	\$ 32,091
Total Depreciation Expense-Business-Type Activities	<u>\$ 32,091</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 5,295,301
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>127,315</u>
Total		<u>\$ 5,422,616</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>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
<u>Transfer Out:</u>				
General Fund		\$ 90,000	\$ 111,570	\$ 201,570
Capital Projects Fund	\$ 18,935	-	-	<u>18,935</u>
	<u>\$ 18,935</u>	<u>\$ 90,000</u>	<u>\$ 111,570</u>	<u>\$ 220,505</u>

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

F. Leases

Lease Purchase Agreements

The District has entered into 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:

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Governmental Activities:

Fiscal Year Ending June 30,	<u>Lease Purchase</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 219,770	\$ 17,888	\$ 237,658
2022	<u>228,539</u>	<u>9,119</u>	<u>237,658</u>
	<u>\$ 448,309</u>	<u>\$ 27,007</u>	<u>\$ 475,316</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, 2020 are comprised of the following issues:

\$14,270,000, 2017 Refunding School Bonds, due in annual installments of \$1,300,000 to \$1,365,000 through February 15, 2030, interest at 3% to 5% \$13,315,000

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,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,320,000	375,200	1,695,200
2026-2030	<u>6,730,000</u>	<u>877,500</u>	<u>7,607,500</u>
	<u>\$ 13,315,000</u>	<u>\$ 3,268,900</u>	<u>\$ 16,583,900</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 111,305,338
Less: Net Debt Issued	<u>13,315,000</u>
Remaining Borrowing Power	<u>\$ 97,990,338</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increased</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 14,430,000		\$ (1,115,000)	\$ 13,315,000	\$ 1,300,000
Unamortized Premium on Bonds	<u>1,547,526</u>	<u>-</u>	<u>(268,305)</u>	<u>1,279,221</u>	<u>-</u>
Bonds Payable, Net	15,977,526	-	(1,383,305)	14,594,221	1,300,000
Obligations Under Lease Purchases	1,352,544		(904,235)	448,309	219,770
Net Pension Liability	14,368,167		(1,560,685)	12,807,482	
Compensated Absences Payable	<u>1,763,723</u>	<u>30,517</u>	<u>(237,880)</u>	<u>1,556,360</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 33,461,960</u>	<u>\$ 30,517</u>	<u>\$ (4,086,105)</u>	<u>\$ 29,406,372</u>	<u>\$ 1,519,770</u>

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

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2020 was as follows:

Loans Payable

The Board issues loans to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the fiscal year ended June 30, 2020 was as follows:

<u>Purpose</u>	<u>Rate</u> <u>%</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2020</u>
Delayed State Aid	4.50%	7/10/2020	<u>-</u>	<u>\$ 2,861,246</u>	<u>\$ -</u>	<u>\$ 2,861,246</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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 Schools Insurance Group (NJSIG 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.

NJSIG 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 <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2020	None	\$ 65,906	\$ 45,154	\$ 434,051
2019	None	63,862	16,781	412,624
2018	None	63,928	31,247	364,872

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, 2020, 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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

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, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following 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, 2020**

NOTE 4 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, 2020**

NOTE 4 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, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded 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>
2020	\$ 691,399	\$ 6,317,473	\$ 73,667
2019	725,853	5,638,841	30,576
2018	664,011	4,180,542	18,383

In addition, for fiscal years 2020, 2019 and 2018 the District contributed \$2,683, \$2,900 and \$7,677, respectively for PERS and the State contributed \$4,757, \$4,746 and \$5,054, 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 \$2,325,059 during the fiscal year ended June 30, 2020 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 both 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, 2018 through June 30, 2019. 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, 2020**

NOTE 4 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, 2019 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$12,807,482 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District’s proportionate share was .07107 percent, which was a decrease of .0019 percent from its proportionate share measured as of June 30, 2018 of .07297 percent.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$644,827 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, 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	\$ 229,878	\$ 56,578
Changes of Assumptions	1,278,874	4,445,436
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		202,171
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>431,103</u>	<u>366,346</u>
Total	<u>\$ 1,939,855</u>	<u>\$ 5,070,531</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2020, 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 June 30,	Total
2021	\$ (303,295)
2022	(1,131,654)
2023	(1,075,176)
2024	(553,291)
2025	(67,260)
Thereafter	-
	<u>\$ (3,130,676)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2019) 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 PERS’s target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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 measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,165,509 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$172,347,374. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .28082 percent, which was an increase of .00367 percent from its proportionate share measured as of June 30, 2018 of .27715 percent.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2019) 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 TPAF’s target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 203,235,700</u>	<u>\$ 172,347,374</u>	<u>\$ 146,719,817</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2019. 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, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the June 30, 2018 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, 2020**

NOTE 4 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 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, 2020, 2019 and 2018 were \$2,343,667, \$2,557,769 and \$2,700,123, 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, 2018 through June 30, 2019. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,035,742. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$103,693,563. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.25 percent, which was an increase of 0.01 percent from its proportionate share measured as of June 30, 2018 of 0.24 percent.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>113,797,085</u>
Changes Recognized for the Fiscal Year:	
Service Cost	4,300,235
Interest on the Total OPEB Liability	4,511,166
Differences Between Expected and Actual Experience	(17,372,276)
Changes of Assumptions	1,546,080
Gross Benefit Payments	(3,183,083)
Contributions from the Member	<u>94,356</u>
Net Changes	\$ <u>(10,103,522)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>103,693,563</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>122,503,075</u>	\$ <u>103,693,563</u>	\$ <u>88,752,318</u>

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)	\$ <u>85,438,874</u>	\$ <u>103,693,563</u>	\$ <u>127,859,023</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 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.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 43,073,732		\$ 43,073,732	43,073,732	
Tuition from Other LEA's within the State				31,015	\$ 31,015
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Interest on Deposits				36,745	36,745
Unrestricted Miscellaneous Revenues	176,750	-	176,750	229,351	52,601
Total Local Sources	43,250,682	-	43,250,682	43,371,043	120,361
State Sources					
Special Education Aid	2,263,445		2,263,445	2,263,445	
Equalization Aid	20,072,650		20,072,650	20,072,650	
Security Aid	1,032,364		1,032,364	1,032,364	
Transportation Aid	916,421		916,421	916,421	
Extraordinary Aid	525,345		525,345	868,551	343,206
Nonpublic Transportation Aid				23,214	23,214
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				6,206,233	6,206,233
NCGI Premium				111,240	111,240
Post-Retirement Medical				2,343,667	2,343,667
Long Term Disability Insurance				4,757	4,757
Reimbursed Social Security	-	-	-	2,325,059	2,325,059
Total State Sources	24,810,225	-	24,810,225	36,167,601	11,357,376
Federal Sources					
Medicaid Reimbursements	166,698	-	166,698	141,994	(24,704)
Total Federal Sources	166,698	-	166,698	141,994	(24,704)
Total Revenues	68,227,605	-	68,227,605	79,680,638	11,453,033
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,056,827	\$ (71,447)	985,380	878,221	107,159
Grades 1-5	6,150,350		6,150,350	6,094,586	55,764
Grades 6-8	4,108,433		4,108,433	3,965,694	142,739
Grades 9-12	5,572,770	(28,185)	5,544,585	5,367,537	177,048
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	208	30,208	30,208	
Purchased Professional-Educational Services	30,126	(5,619)	24,507	18,838	5,669
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	495,234	1,999	497,233	489,253	7,980
Purchased Professional-Educational Services	26,938	(10,000)	16,938	13,151	3,787
Other Purchased Services	323,758	10,695	334,453	289,321	45,132
General Supplies	747,300	13,231	760,531	627,074	133,457
Textbooks	188,180	(2,000)	186,180	145,044	41,136
Other Objects	128,395	1	128,396	65,397	62,999
Total Regular Programs	18,858,311	(91,117)	18,767,194	17,984,324	782,870

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 202,926	\$ (50,000)	\$ 152,926	\$ 137,822	\$ 15,104
Other Salaries for Instruction	132,284		132,284	110,687	21,597
Purchased Professional Services		1,000	1,000		1,000
General Supplies	7,000	(4,125)	2,875	1,266	1,609
Total Learning /Language Disabilities	<u>342,210</u>	<u>(53,125)</u>	<u>289,085</u>	<u>249,775</u>	<u>39,310</u>
Behavioral Disabilities					
Salaries of Teachers	370,266	(22,867)	347,399	308,159	39,240
Purchased Professional Educational services		2,000	2,000	800	1,200
Other Salaries for Instruction	139,517		139,517	105,755	33,762
General Supplies	6,859	-	6,859	1,773	5,086
Total Behavioral Disabilities	<u>516,642</u>	<u>(20,867)</u>	<u>495,775</u>	<u>416,487</u>	<u>79,288</u>
Multiple Disabilities					
Salaries of Teachers	318,093	75,745	393,838	393,838	
Other Salaries for Instruction	184,708	55,474	240,182	240,181	1
Purchased Professional Educational Services		2,900	2,900	2,300	600
General Supplies	4,000	748	4,748	4,301	447
Other Objects	1,313	-	1,313	900	413
Total Multiple Disabilities	<u>508,114</u>	<u>134,867</u>	<u>642,981</u>	<u>641,520</u>	<u>1,461</u>
Resource Room/Resource Center					
Salaries of Teachers	3,600,823	40,796	3,641,619	3,629,269	12,350
Other Salaries for Instruction	557,609	(100,846)	456,763	432,842	23,921
Purchased Professional-Educational services		10,000	10,000	10,000	
General Supplies	17,200	(4,450)	12,750	10,887	1,863
Textbooks	2,550	(2,550)	-	-	-
Total Resource Room/Resource Center	<u>4,178,182</u>	<u>(57,050)</u>	<u>4,121,132</u>	<u>4,082,998</u>	<u>38,134</u>
Autism					
Salaries of Teachers	278,495	(29,813)	248,682	213,971	34,711
Other Salaries for Instruction	136,161	(42,704)	93,457	83,960	9,497
General Supplies	41,000	(171)	40,829	38,594	2,235
Total Autism	<u>455,656</u>	<u>(72,688)</u>	<u>382,968</u>	<u>336,525</u>	<u>46,443</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	-	68,975	68,975	68,975	-
Total Preschool Disabilities - Part - Time	<u>-</u>	<u>68,975</u>	<u>68,975</u>	<u>68,975</u>	<u>-</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	512,051	(9,458)	502,593	495,736	6,857
Other Salaries for Instruction	294,261	13,000	307,261	301,746	5,515
Purchased Professional Educational Services		2,000	2,000	500	1,500
General Supplies	5,000	3,000	8,000	5,784	2,216
Total Preschool Disabilities - Full - Time	<u>811,312</u>	<u>8,542</u>	<u>819,854</u>	<u>803,766</u>	<u>16,088</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 60,000		\$ 60,000	\$ 32,401	\$ 27,599
Purchased Professional-Educational Services	10,000	-	10,000	2,064	7,936
Total Home Instruction	70,000	-	70,000	34,465	35,535
Total Special Education	6,882,116	\$ 8,654	6,890,770	6,634,511	256,259
Basic Skills/Remedial					
Salaries of Teachers	1,192,898		1,192,898	1,165,386	27,512
General Supplies	3,500	-	3,500	2,207	1,293
Total Basic Skills/Remedial	1,196,398	-	1,196,398	1,167,593	28,805
Bilingual Education					
Salaries of Teachers	942,668	(35,777)	906,891	895,538	11,353
Other Salaries for Instruction	132,639	35,787	168,426	159,681	8,745
General Supplies	14,000	(10)	13,990	13,238	752
Textbooks	3,000	-	3,000	2,250	750
Total Bilingual Education	1,092,307	-	1,092,307	1,070,707	21,600
School Sponsored Co/Extra Curricular Activities					
Salaries	278,755		278,755	245,866	32,889
Purchased Services	114,608	400	115,008	87,075	27,933
Supplies and Materials	67,000	18,949	85,949	69,898	16,051
Other Objects	16,500		16,500	5,878	10,622
Transfers to Cover Deficit (Agency Funds)	29,000	-	29,000	12,769	16,231
Total School Sponsored Co/Extra Curricular Activities	505,863	19,349	525,212	421,486	103,726
School Sponsored Athletics - Instruction					
Salaries	422,556		422,556	390,180	32,376
Purchased Services	118,883	(19,746)	99,137	58,956	40,181
Supplies and Materials	170,000	7,400	177,400	144,575	32,825
Other Objects	34,000	3,746	37,746	37,746	-
Total School Sponsored Athletics - Instruction	745,439	(8,600)	736,839	631,457	105,382
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	65,252	-	65,252	31,431	33,821
Total Before/After School Programs - Instruction	65,252	-	65,252	31,431	33,821
Summer School - Instruction					
Salaries of Teachers	25,298	3,622	28,920	27,294	1,626
General Supplies	4,450	-	4,450	4,000	450
Total Summer School - Support Services	29,748	3,622	33,370	31,294	2,076

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)					
Instructional Alternative Ed Program - Instruction					
Salaries of Teachers	\$ 890,306	\$ 607	\$ 890,913	\$ 890,913	
General Supplies	14,000		14,000	11,343	\$ 2,657
Textbooks	5,000	-	5,000	853	4,147
Total Instructional Alternative Ed Program - Instruction	<u>909,306</u>	<u>607</u>	<u>909,913</u>	<u>903,109</u>	<u>6,804</u>
Instructional Alternative Ed Program - Support Svcs.					
Salaries	410,406		410,406	410,187	219
Purchased Services	7,284		7,284	7,284	
Supplies and Materials	2,500		2,500		2,500
Other Objects	2,500	-	2,500	-	2,500
Total Instructional Alternative Ed Program-Support Svcs.	<u>422,690</u>	<u>-</u>	<u>422,690</u>	<u>417,471</u>	<u>5,219</u>
Total Alternative Education Programs	<u>1,331,996</u>	<u>607</u>	<u>1,332,603</u>	<u>1,320,580</u>	<u>12,023</u>
Other Alternative Ed Programs - Instruction					
Salaries of Teachers	138,227	-	138,227	137,950	277
Total Other Alternative Ed Programs - Instruction	<u>138,227</u>	<u>-</u>	<u>138,227</u>	<u>137,950</u>	<u>277</u>
Other Alternative Ed Programs - Support Services					
Salaries	72,465	478	72,943	72,943	-
Total Other Alternative Ed Programs - Support Services	<u>72,465</u>	<u>478</u>	<u>72,943</u>	<u>72,943</u>	<u>-</u>
Total Other Alternative Ed Programs	<u>210,692</u>	<u>478</u>	<u>211,170</u>	<u>210,893</u>	<u>277</u>
Total - Instruction	<u>30,918,122</u>	<u>(67,007)</u>	<u>30,851,115</u>	<u>29,504,276</u>	<u>1,346,839</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular		16,277	16,277	16,277	
Tuition to Other LEAs Within State-Special	1,100,855	(67,108)	1,033,747	999,579	34,168
Tuition to County Voc. School- Regular	713,500		713,500	686,066	27,434
Tuition to County Voc. School- Special	120,000	(1,900)	118,100	101,125	16,975
Tuition to CSSD and Regional Day Schools	105,515	(83,892)	21,623		21,623
Tuition to Private School for Disabled W/	4,128,367	(328,593)	3,799,774	3,555,575	244,199
Tuition - State Facilities	4,500	-	4,500	4,500	-
Total Undistributed Expenditures - Instruction	<u>6,172,737</u>	<u>(465,216)</u>	<u>5,707,521</u>	<u>5,363,122</u>	<u>344,399</u>
Attendance and Social Work					
Salaries	294,523	6,502	301,025	294,641	6,384
Other Purchased Services	500		500		500
Supplies and Materials	7,500	-	7,500	5,972	1,528
Total Attendance and Social Work	<u>302,523</u>	<u>6,502</u>	<u>309,025</u>	<u>300,613</u>	<u>8,412</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 468,998	\$ (7,722)	\$ 461,276	448,517	\$ 12,759
Purchased Professional and Technical Services	36,300	7,000	43,300	38,536	4,764
Other Purchased Services	300		300		300
Supplies and Materials	12,200	4,013	16,213	12,158	4,055
Other Objects	792	-	792	440	352
Total Health Services	518,590	3,291	521,881	499,651	22,230
Speech, OT, PT & Related Services					
Salaries	596,334	(8,177)	588,157	578,695	9,462
Purchased Professional - Educational Services	600,907	54,220	655,127	655,127	
Supplies and Materials	1,900		1,900	1,715	185
Other Objects	1,125	225	1,350	1,350	-
Total Speech, OT, PT & Related Services	1,200,266	46,268	1,246,534	1,236,887	9,647
Other Support Services - Students - Extra Svc					
Salaries	435,766	35,643	471,409	465,238	6,171
Purchased Professional - Educational Services	1,023,372	109,207	1,132,579	906,853	225,726
Other Objects	1,600	5,050	6,650	2,250	4,400
Total Other Support Services - Students - Extra Svc.	1,460,738	149,900	1,610,638	1,374,341	236,297
Guidance					
Salaries of Other Professional Staff	633,652	12,482	646,134	646,129	5
Salaries of Secretarial and Clerical Assistants	122,107	6,755	128,862	126,238	2,624
Other Salaries	68,969	738	69,707	69,707	
Purchased Professional - Educational Services	150,307		150,307	114,025	36,282
Other Purchased Professional and Technical Services	9,000		9,000	7,930	1,070
Supplies and Materials	36,683	2,158	38,841	15,978	22,863
Other Objects	5,325	-	5,325	1,664	3,661
Total Undistributed Expenditures - Guidance	1,026,043	22,133	1,048,176	981,671	66,505
Child Study Teams					
Salaries of Other Professional Staff	1,410,540	84,863	1,495,403	1,495,403	
Salaries of Secretarial and Clerical Assistants	115,758	1,500	117,258	117,244	14
Purchased Professional - Educational Services	178,315	(32,563)	145,752	140,916	4,836
Miscellaneous Purchased Services	42,582	-	42,582	34,359	8,223
Supplies and Materials	25,900	(6,794)	19,106	16,231	2,875
Total Undistributed Expenditures - Child Study Teams	1,773,095	47,006	1,820,101	1,804,153	15,948
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	1,050,708	(8,550)	1,042,158	994,272	47,886
Salaries of Other Professional Staff	84,068	(4,500)	79,568	65,966	13,602
Salaries of Secretarial and Clerical Assistants	184,591	4,578	189,169	183,418	5,751
Other Purchased Services	15,588		15,588	12,124	3,464
Supplies and Materials	24,595	3,789	28,384	25,079	3,305
Other Objects	6,900	-	6,900	2,068	4,832
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	1,366,450	(4,683)	1,361,767	1,282,927	78,840

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 304,956	\$ 1,717	\$ 306,673	\$ 306,594	\$ 79
Other Purchased Services	12,000		12,000	8,031	3,969
Supplies and Materials	54,796	-	54,796	39,226	15,570
Total Educational Media Services/School Library	371,752	1,717	373,469	353,851	19,618
Instructional Staff Training Serv.					
Salaries of Other Professional Staff	2,500		2,500		2,500
Other Purchased Services	31,000	4,845	35,845	20,830	15,015
Other Objects	6,000	-	6,000	4,654	1,346
Total Instructional Staff Training Serv.	39,500	4,845	44,345	25,484	18,861
Support Services General Administration					
Salaries	364,708		364,708	358,313	6,395
Legal Services	110,000	26,187	136,187	136,187	
Audit Fees	43,000	1,800	44,800	44,800	
Architect/Engineering Services	-	50,795	50,795	50,795	
Other Purchased Professional Services	15,800	10,603	26,403	16,754	9,649
Purchased Technical Services	16,000		16,000	12,637	3,363
Communications/Telephone	136,850	(13,390)	123,460	110,903	12,557
BOE Other Purchased Services	4,000	1,147	5,147	1,259	3,888
Miscellaneous Purchased Services	329,219	3,596	332,815	322,172	10,643
General Supplies	4,000		4,000	781	3,219
BOE In-House Training/Meeting Supplies	1,500		1,500	291	1,209
Miscellaneous Expenditures	14,500	(1,800)	12,700	7,698	5,002
BOE Member Dues & Fees	27,000	-	27,000	24,803	2,197
Total Support Services General Administration	1,066,577	78,938	1,145,515	1,087,393	58,122
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,668,290		1,668,290	1,657,063	11,227
Salaries of Secretarial and Clerical Assistants	524,529		524,529	501,055	23,474
Purchased Professional and Technical Services	1,000		1,000	1,000	
Other Purchased Services	154,256	41,558	195,814	185,693	10,121
Supplies and Materials	55,618	(5,540)	50,078	39,437	10,641
Other Objects	40,204	(348)	39,856	35,350	4,506
Total Support Services School Administration	2,443,897	35,670	2,479,567	2,418,598	60,969
Central Services					
Salaries	425,417	(3,990)	421,427	418,114	3,313
Purchased Professional Services		37,644	37,644	37,644	
Miscellaneous Purchased Services	66,300		66,300	63,918	2,382
Supplies and Materials	14,000	(2,211)	11,789	7,241	4,548
Miscellaneous Expenditures	15,000	-	15,000	7,852	7,148
Total Central Services	520,717	31,443	552,160	534,769	17,391
Admin. Info. Technology					
Salaries	441,193	16,416	457,609	457,587	22
Purchased Professional Services		23,000	23,000	23,000	
Other Purchased Services	39,748		39,748	39,556	192
Supplies and Materials	2,500		2,500	1,718	782
Other Objects	2,000	-	2,000	1,320	680
Total Admin. Info. Technology	485,441	39,416	524,857	523,181	1,676

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 371,608	\$ (30,000)	\$ 341,608	341,356	\$ 252
Cleaning, Repair and Maintenance Services	194,000	278,179	472,179	344,809	127,370
General Supplies	104,150	31,207	135,357	97,225	38,132
Other Objects	3,000	-	3,000	2,164	836
Total Required Maint. for School Facilities	672,758	279,386	952,144	785,554	166,590
Custodial Services					
Salaries	1,566,529	(131,444)	1,435,085	1,422,421	12,664
Unused Vacation Payment to Terminated/Retired		18,444	18,444	18,444	
Purchased Professional and Technical Services	25,000		25,000	19,112	5,888
Cleaning, Repair and Maintenance Services	286,344		286,344	193,896	92,448
Rental of Land & Bldg. Other Than Lease					
Purchase Agreement	121,325		121,325	114,668	6,657
Other Purchased Property Services	135,829	(18,000)	117,829	97,184	20,645
Insurance	133,592	(11,189)	122,403	122,403	
General Supplies	187,000	(5,000)	182,000	170,816	11,184
Energy (Natural Gas)	409,000	(94,573)	314,427	267,949	46,478
Energy (Electricity)	580,000	(15,170)	564,830	482,040	82,790
Total Custodial Services	3,444,619	(256,932)	3,187,687	2,908,933	278,754
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	63,000	26,065	89,065	40,327	48,738
General Supplies	46,700	(21,065)	25,635	9,096	16,539
Total Care & Upkeep of Grounds	109,700	5,000	114,700	49,423	65,277
Security					
Salaries	599,730	8,123	607,853	607,853	
Purchased Professional and Technical Services	13,688	(8,123)	5,565		5,565
Cleaning, Repair and Maintenance Services	1,800		1,800		1,800
Supplies and Materials	5,000	-	5,000	1,163	3,837
Total Security	620,218	-	620,218	609,016	11,202
Total Undist. Expend.-Oper & Main of Plant Serv.	4,847,295	27,454	4,874,749	4,352,926	521,823
Student Transportation Services					
Salaries for Non-Instructional Aides	6,000	13,098	19,098	19,069	29
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	29,478	(3,975)	25,503	24,839	664
Salaries for Pupil Transportation (Other Than Between Home and School)	13,000	1,376	14,376	14,376	
Cleaning, Repair and Maintenance Services	10,000		10,000	2,122	7,878
Rental Payments - School Buses	2,000		2,000		2,000
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	125,000		125,000	75,068	49,932
Contracted Services - Aid in Lieu of Payments - Charter Schools	8,000	11,000	19,000	6,408	12,592
Contracted Services - Aid in Lieu of Payments - Choice Schools	5,000	6,000	11,000	4,002	6,998
Contracted Services (Between Home and School) - Vendors	629,140	23,696	652,836	524,954	127,882
Contracted Services (Other than Between Home and School) - Vendors	180,950	(52,650)	128,300	96,146	32,154
Contracted Services - (Spec. Ed. Students) - Vendors	661,173	(33,389)	627,784	552,900	74,884
Contracted Services (Regular Students) - ESCs and CTSAs	191,062	(59)	191,003	121,256	69,747
Contracted Services (Spd. Ed. Students) - ECSs & CTSAs	1,796,536	(87,003)	1,709,533	1,679,118	30,415
Misc. Purchased Services- Transportation	10,000		10,000	8,500	1,500
General Supplies	15,000	(10,000)	5,000	2,607	2,393
Other Objects	4,000	-	4,000	373	3,627
Total Student Transportation Services	3,686,339	(131,906)	3,554,433	3,131,738	422,695

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	\$ 673,334	\$ 65,929	\$ 739,263	\$ 728,570	\$ 10,693
Other Retirement Contributions - PERS	849,324	(155,111)	694,213	694,082	131
Other Retirement Contributions - Regular		73,667	73,667	73,667	
Workmen's Compensation	460,897	49,012	509,909	509,909	
Health Benefits	9,406,067	221,942	9,628,009	9,004,946	623,063
Tuition Reimbursement	132,000	44,189	176,189	151,647	24,542
Other Employee Benefits	655,290	35,992	691,282	677,073	14,209
Unused Sick Payment to Terminated/Retired Staff	150,000	87,880	237,880	237,880	-
Total Unallocated Benefits - Employee Benefits	12,326,912	423,500	12,750,412	12,077,774	672,638
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				6,206,233	(6,206,233)
NCGI Premium				111,240	(111,240)
Post-Retirement Medical				2,343,667	(2,343,667)
Long Term Disability Insurance				4,757	(4,757)
Reimbursed Social Security	-	-	-	2,325,059	(2,325,059)
Total On-Behalf TPAF Contributions	-	-	-	10,990,956	(10,990,956)
Total Undistributed Expenditures	39,608,872	316,278	39,925,150	48,340,035	(8,414,885)
Interest Earned on Maintenance Reserve	100	-	100	-	100
Total Current Expenditures	70,527,094	249,271	70,776,365	77,844,311	(7,067,946)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
School-Sponsored and Other Instructional Program	2,200	14,600	16,800	10,994	5,806
Instruction	2,900		2,900		2,900
Support Service - Students		4,490	4,490	4,490	
Custodial Services		2,270	2,270	2,431	(161)
Required Maintenance for School Facilities	-	2,507	2,507	2,507	-
Total Equipment	5,100	23,867	28,967	20,422	8,545
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	43,795	23,867	67,662	59,017	8,645
Transfer Funds to Charter School	227,134	-	227,134	202,137	24,997
Total Expenditures	70,798,023	273,138	71,071,161	78,105,465	(7,034,304)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,570,418)	(273,138)	(2,843,556)	1,575,173	4,418,729

RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Other Financing Sources (Uses)					
Operating Transfers In				\$ 18,935	\$ 18,935
Operating Transfers Out		\$ (90,000)	\$ (90,000)	(90,000)	
Capital Outlay Transfer to Capital Projects		(15,170)	(15,170)	(15,170)	
Capital Reserve Transfer to Capital Projects	-	(96,400)	(96,400)	(96,400)	-
Total Other Financing Sources (Uses)	-	(201,570)	(201,570)	(182,635)	18,935
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (2,570,418)	\$ (474,708)	\$ (3,045,126)	1,392,538	4,437,664
Fund Balances, Beginning of Year	7,567,993	-	7,567,993	7,567,993	-
Fund Balances, End of Year	\$ 4,997,575	\$ (474,708)	\$ 4,522,867	8,960,531	\$ 4,437,664
 <u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Reserve				2,653,689	
Maintenance Reserve				256,816	
Excess Surplus, Designated for Subsequent Year's Expenditures				1,956,303	
Excess Surplus				1,910,141	
Assigned					
Year End Encumbrances				190,513	
Designated for Subsequent Year's Expenditures				280,327	
Unassigned				1,712,742	
				8,960,531	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis (June 30, 2020)				(3,280,373)	
Fund Balance Per Governmental Funds (GAAP)				5,680,158	

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources		\$ 115,360	\$ 115,360	\$ 54,656	\$ (60,704)
State Sources	\$ 5,323,010	143,872	5,466,882	4,620,318	(846,564)
Federal Sources	1,443,983	900,956	2,344,939	1,801,372	(543,567)
Total Revenues	<u>6,766,993</u>	<u>1,160,188</u>	<u>7,927,181</u>	<u>6,476,346</u>	<u>(1,450,835)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,529,754	96,300	1,626,054	1,554,384	71,670
Other Salaries for Instruction	438,212	915	439,127	383,249	55,878
Purchased Professional-Educational Services	82,000	48,265	130,265	38,069	92,196
Other Purchased Services	915,000	(802,828)	112,172	79,749	32,423
Tuition			865,000	863,530	1,470
General Supplies	185,281	108,522	293,803	185,945	107,858
Textbooks	374	48	422	368	54
Other Objects	94,000	(71,066)	22,934	832	22,102
Total Instruction	<u>3,244,621</u>	<u>245,156</u>	<u>3,489,777</u>	<u>3,106,126</u>	<u>383,651</u>
Support Services					
Salaries of Supervisors of Instruction	84,634	31,226	115,860	115,189	671
Salaries of Program Directors	124,828	(12,850)	111,978	95,860	16,118
Salaries of Other Professional Staff	102,010	161,234	263,244	163,653	99,591
Salaries of Secretarial and Clerical Asst.	60,835	14,715	75,550	75,550	
Salaries of Master Teachers	154,335	(11,227)	143,108	76,652	66,456
Other Salaries	65,981	22,412	88,393	86,262	2,131
Personal Services - Employee Benefits	617,517	199,842	817,359	746,529	70,830
Purchased Professional-Educational Services	26,050	326,779	352,829	114,231	238,598
Purchased Educational Services - Contracted Pre-K	1,337,220	(42,625)	1,294,595	1,294,595	
Other Purchased Prof. Services	679	30,763	31,442	29,982	1,460
Purchased Technical Services	50,000	56,565	106,565	73,288	33,277
Rental	90,000	(13,749)	76,251	60,920	15,331
Contracted Services - Transportation	10,000	1,295	11,295	1,295	10,000
Other Purchased Services	23,283	101,615	124,898	39,614	85,284
Travel	10,000	9,918	19,918	19,918	19,918
Supplies and Materials	65,000	94,098	159,098	55,210	103,888
Other Objects	50,000	3,628	53,628	4,110	49,518
Total Support Services	<u>2,872,372</u>	<u>973,639</u>	<u>3,846,011</u>	<u>3,032,940</u>	<u>813,071</u>
Facilities Acquisition and Construction					
Instructional Equipment	150,000	(38,827)	111,173		111,173
Noninstructional Equipment	500,000	(19,780)	480,220	427,280	52,940
Total Facilities Acq. & Construction	<u>650,000</u>	<u>(58,607)</u>	<u>591,393</u>	<u>427,280</u>	<u>164,113</u>
Total Expenditures	<u>6,766,993</u>	<u>1,160,188</u>	<u>7,927,181</u>	<u>6,566,346</u>	<u>1,360,835</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	-	-	-	(90,000)	(90,000)
Other Financing Sources					
Operating Transfers In	-	-	-	90,000	90,000
Total Other Financing Sources	-	-	-	90,000	90,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures					
	-	-	-	-	-
Fund Balances, Beginning of Year					
	-	-	-	-	-
Fund Balances, End of Year					
	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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) \$ 79,680,638	(C-2) \$ 6,476,346	
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		16,597	
Current Year Encumbrances		(1,073)	
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2020)	(3,280,373)		
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2019)	<u>2,991,514</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>79,391,779</u>	(B-2) \$ <u>6,491,870</u>	
Uses/Outflows of Resources			
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ 78,105,465	(C-2) \$ 6,566,346	
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		16,597	
Current Year Encumbrances	<u>-</u>	<u>(1,073)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>78,105,465</u>	(B-2) \$ <u>6,581,870</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 Seven Fiscal Years*

	<u>2020</u>	<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)	0.07107%	0.07297%	0.07167%	0.07023%	0.06856%	0.06829%	0.06979%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 12,807,482</u>	<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>\$ 4,872,923</u>	<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	262.83%	287.21%	330.40%	416.95%	322.25%	213.13%	271.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 691,399	\$ 725,853	\$ 664,011	\$ 623,943	\$ 589,460	\$ 562,984	\$ 522,017
Contributions in Relation to the Contractually Required Contribution	<u>691,399</u>	<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>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 4,856,616</u>	<u>\$ 4,872,923</u>	<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>
Contributions as a Percentage of Covered Payroll	14.24%	14.90%	13.27%	12.36%	11.82%	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 Seven Fiscal Years*

	<u>2020</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 172,347,374</u>	<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>\$ 172,347,374</u>	<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>\$ 32,375,052</u>	<u>\$ 31,106,793</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%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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, 2020**

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 4D.

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

Postemployment Health Benefit Plan

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 4,300,235	\$ 4,752,737	\$ 5,761,043
Interest on Total OPEB Liability	4,511,166	4,739,743	4,082,447
Differences Between Expected and Actual Experience	(17,372,276)	(8,797,165)	
Changes of Assumptions	1,546,080	(13,058,785)	(17,055,751)
Gross Benefit Payments	(3,183,083)	(3,042,894)	(2,714,546)
Contribution from the Member	<u>94,356</u>	<u>105,168</u>	<u>99,956</u>
Net Change in Total OPEB Liability	(10,103,522)	(15,301,196)	(9,826,851)
Total OPEB Liability - Beginning	<u>113,797,085</u>	<u>129,098,281</u>	<u>138,925,132</u>
Total OPEB Liability - Ending	<u>\$ 103,693,563</u>	<u>\$ 113,797,085</u>	<u>\$ 129,098,281</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>103,693,563</u>	<u>113,797,085</u>	<u>129,098,281</u>
Total OPEB Liability - Ending	<u>\$ 103,693,563</u>	<u>\$ 113,797,085</u>	<u>\$ 129,098,281</u>
District's Covered Payroll	<u>\$ 37,247,975</u>	<u>\$ 36,109,547</u>	<u>\$ 34,310,240</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Exhibit E-1a Totals	IDEA		Title I	Title I Re-Allocated	Title I SIA	Title II-A	Title III	Title III Immigrant	Title IV	Grand Total
		Basic 2019-20	Preschool 2019-20								
REVENUES											
Intergovernmental											
State	\$ 4,620,318										\$ 4,620,318
Federal		\$ 921,564	\$ 30,263	\$ 603,765	\$ 2,499	\$ 57,526	\$ 88,704	\$ 62,608	\$ 172	\$ 34,271	1,801,372
Local	54,656	-	-	-	-	-	-	-	-	-	54,656
Total Revenues	\$ 4,674,974	\$ 921,564	\$ 30,263	\$ 603,765	\$ 2,499	\$ 57,526	\$ 88,704	\$ 62,608	\$ 172	\$ 34,271	\$ 6,476,346
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 1,130,447			\$ 387,726		\$ 36,039			\$ 172		1,554,384
Other Salaries for Instruction	326,728							56,521			383,249
Purchased Prof. and Educational Services	2,000			8,048						28,021	38,069
Other Purchased Services	73,575										73,575
Tuition	6,174										6,174
General Supplies	\$ 833,267	\$ 30,263									863,530
Textbooks	140,296	27,746		911	2,499	12,730		1,763			185,945
Other Objects	368										368
	-	832	-	-	-	-	-	-	-	-	832
Total Instruction	1,679,588	861,845	30,263	396,685	2,499	48,769	-	58,284	172	28,021	3,106,126
Support Services											
Salaries of Supervisors of Instruction	115,189										115,189
Salaries of Program Directors	95,860										95,860
Salaries of Other Prof. Staff	125,721			9,416			\$ 28,516				163,653
Salaries of Sec. & Clerical Asst.	75,550										75,550
Salaries of Master Teachers	76,652										76,652
Other Salaries	86,262										86,262
Unused Sick Payment to Terminated/Retired Staff	-										-
Personal Svcs-Employee Benefits	603,020			134,247		2,757	2,181	4,324			746,529
Purchased Professional-Educational Services	1,200			63,000		6,000	44,031				114,231
Purchased Educational Services - Contracted Pre-K	1,294,595										1,294,595
Other Purchased Prof. Services	29,982										29,982
Purchased Technical Services	15,864	57,424									73,288
Rental	60,920										60,920
Contracted Services- Transp.	-	1,295									1,295
Other Purchased Services	18,049	1,000		369			13,946			\$ 6,250	39,614
Supplies and Materials	55,132			48			30				55,210
Other Objects	4,110										4,110
Total Support Services	2,658,106	59,719	-	207,080	-	8,757	88,704	4,324	-	6,250	3,032,940
Facilities Acquisition and Construction											
Noninstructional Equipment	427,280										427,280
Total Facilities Acq. & Construction	427,280	-	-	-	-	-	-	-	-	-	427,280
Total Expenditures	\$ 4,764,974	\$ 921,564	\$ 30,263	\$ 603,765	\$ 2,499	\$ 57,526	\$ 88,704	\$ 62,608	\$ 172	\$ 34,271	\$ 6,566,346
Other Financing Sources											
Operating Transfers In	90,000										90,000
Total Other Financing Sources	90,000	-	-	-	-	-	-	-	-	-	90,000

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Preschool Education Aid	NJ Non-Public Aid				Other Local/ Private Grants	Totals Carried Forward
		Textbook	Nursing	Technology	Security		
REVENUES							
Intergovernmental							
State	\$ 4,617,702	\$ 368	\$ 776	\$ 272	\$ 1,200		\$ 4,620,318
Federal							-
Local Sources	-	-	-	-	-	\$ 54,656	54,656
Total Revenues	\$ 4,617,702	\$ 368	\$ 776	\$ 272	\$ 1,200	\$ 54,656	\$ 4,674,974
EXPENDITURES							
Instruction							
Salaries of Teachers	1,130,447						1,130,447
Other Salaries for Instruction	326,728						326,728
Purchased Prof. and Educational Services	73,575					2,000	2,000
Other Purchased Services	6,174						73,575
General Supplies	138,424			\$ 272		1,600	6,174
Textbooks	-	\$ 368	-	-	-	-	140,296
Total Instruction	1,675,348	368	-	272	-	3,600	1,679,588
Support Services							
Salaries of Supervisors of Instruction	115,189						115,189
Salaries of Program Directors	95,860						95,860
Salaries of Other Prof. Staff	125,721						125,721
Salaries of Sec. & Clerical Asst.	75,550						75,550
Salaries of Master Teachers	76,652						76,652
Other Salaries	86,262						86,262
Personal Svcs-Employee Benefits	603,020						603,020
Purchased Professional-Educational Services				\$ 1,200			1,200
Purchased Educational Services - Contracted P	1,294,595						1,294,595
Other Purchased Prof. Services	29,206	\$ 776					29,982
Purchased Technical Services	9,299					6,565	15,864
Rental	44,669					16,251	60,920
Other Purchased Services	2,415					15,634	18,049
Supplies and Materials	42,739					12,393	55,132
Other Objects	3,897	-	-	-	-	213	4,110
Total Support Services	2,605,074	-	776	-	1,200	51,056	2,658,106
Facilities Acquisition and Construction							
Noninstructional Equipment	427,280	-	-	-	-	-	427,280
Total Facilities Acq. & Construction	427,280	-	-	-	-	-	427,280
Total Expenditures	\$ 4,707,702	\$ 368	\$ 776	\$ 272	\$ 1,200	\$ 54,656	\$ 4,764,974
Other Financing Sources							
Operating Transfers In	90,000	-	-	-	-	-	90,000
Total Other Financing Sources	90,000	-	-	-	-	-	90,000

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 1,073,151	\$ 57,296	\$ 1,130,447	\$ 1,130,447	
Other Salaries for Instruction	403,613	(23,011)	380,602	326,728	\$ 53,874
Purchased Professional-Educational Services	82,000	10,000	92,000	73,575	18,425
Other Purchased Services	15,000	50,000	65,000	6,174	58,826
General Supplies	185,030	27,657	212,687	138,424	74,263
Other Objects	94,000	(72,970)	21,030	-	21,030
Total Instruction	<u>1,852,794</u>	<u>48,972</u>	<u>1,901,766</u>	<u>1,675,348</u>	<u>226,418</u>
Support Services					
Salaries of Supervisors of Instruction	124,828		124,828	115,189	9,639
Salaries of Program Directors	84,634	11,226	95,860	95,860	
Salaries of Other Professional Staff	102,010	50,912	152,922	125,721	27,201
Salaries of Secretarial and Clerical Asst.	60,835	14,716	75,551	75,550	1
Other Salaries	41,200	47,193	88,393	86,262	2,131
Salaries of Master Teachers	154,334	(11,226)	143,108	76,652	66,456
Personal Services - Employee Benefits	602,800	49,200	652,000	603,020	48,980
Purchased Educational Services - Contracted Pre-K	1,337,220	(42,625)	1,294,595	1,294,595	
Other Purchased Prof. Services	25,000	19,666	44,666	29,206	15,460
Cleaning, Repair and Maintenance Services	50,000	10,000	60,000	9,299	50,701
Rentals	90,000	10,000	100,000	44,669	55,331
Contracted Services- Transp.	10,000		10,000		10,000
Travel	10,000		10,000		10,000
Miscellaneous Purchased Services	10,000		10,000	2,415	7,585
Supplies and Materials	65,000	15,000	80,000	42,739	37,261
Other Objects	50,000	(10,000)	40,000	3,897	36,103
Total Support Services	<u>2,817,861</u>	<u>164,062</u>	<u>2,981,923</u>	<u>2,605,074</u>	<u>376,849</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	150,000	(38,827)	111,173		111,173
Non-Instructional Equipment	500,000	(30,666)	469,334	427,280	42,054
Total Facilities Acquisition and Construction Services	<u>650,000</u>	<u>(69,493)</u>	<u>580,507</u>	<u>427,280</u>	<u>153,227</u>
Total Expenditures	<u>\$ 5,320,655</u>	<u>\$ 143,541</u>	<u>\$ 5,464,196</u>	<u>\$ 4,707,702</u>	<u>\$ 756,494</u>

Calculation of Budget & Carryover

Total Revised 2019-20 Preschool Education Aid Allocation	\$ 4,494,237
Actual Preschool Education Aid Carryover (June 30, 2019)	898,826
General Fund Contribution	<u>90,000</u>
Total Preschool Education Aid Funds Available for 2019-20 Budget	5,483,063
Less: 2019-20 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	<u>5,464,196</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	18,867
Add: June 30, 2020 Unexpended Preschool Education Aid	<u>756,494</u>
2019-20 Carryover- Preschool Education Aid	<u>\$ 775,361</u>
2019-20 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2020-21	<u>\$ 313,991</u>

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Appropriations	Interest on Lease Proceeds	Transfers		Expenditures to Date		Cancellations	Balance June 30, 2020
			Prior Year	Current Year	Prior Years	Current Year		
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		\$ 43,430	48,412
Cleveland School Boiler Replacement	263,000				168,280		42,111	52,609
Security Cameras	216,157					\$ 216,157		
Turf Field	266,570				12,000	253,763		807
Lease Purchase - Apple - Acquisition of Technology Equipment	657,544	\$ 214		\$ (17,909)	639,849			
Lease Purchase - Apple - Acquisition of Technology Equipment (2019-20)	203,490	97	-	17,909	-	213,999	-	7,497
	<u>\$ 35,950,131</u>	<u>\$ 311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,917,169</u>	<u>\$ 683,919</u>	<u>\$ 85,541</u>	<u>\$ 262,304</u>
					Unexpended Project Authorizations			\$ 262,304
					Add: Excess Proceeds - Restricted for Debt Service			7,286
					Less: Unearned Revenue - SDA Grants			(22,700)
					Unfunded Local Share			(69,564)
					Fund Balance (GAAP Basis)			<u>\$ 177,326</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, 2020**

Revenues and Other Financing Sources

Local Sources	
Lease Purchase Proceeds - Prior Year	\$ 203,490
Interest on Lease Purchase Proceeds	110
Transfer from Capital Outlay	15,170
Transfer from Capital Reserve	96,400
Interest on Deposits	<u>18,935</u>
 Total Revenues and Other Financing Sources	 <u>334,105</u>

Expenditures and Other Financing Uses

Regular Instruction	
Supplies and Equipment	213,999
Construction Services	
Purchased Professional and Technical Services	85,593
Construction Services	384,327
Other Financing Uses	
Cancellation of SDA Grant Receivables	85,541
Transfer to General Fund	<u>18,935</u>
 Total Expenditures and Other Financing Uses	 <u>788,395</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(454,290)
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Fund Balance- Beginning of Year	<u>654,316</u>
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Fund Balance- Ending of Year	<u><u>\$ 200,026</u></u>
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Recapitulation:

Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Available for Capital Project Expenditures	<u>192,740</u>
	200,026

Reconciliation to Governmental Funds Statements (GAAP):

Unearned Revenue - SDA Grants	<u>(22,700)</u>
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Fund Balance, GAAP Basis	<u><u>\$ 177,326</u></u>
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**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, 2020**

	<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, 2020**

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

Additional project information:

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

Percentage Increase(Decrease) Over Original

Authorized Cost	0.2%
Percentage Completion	100.00%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2014

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WINDOW, HVAC AND ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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, 2020**

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

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL BOILERS, FIRE ALARMS AND ELECTRICAL PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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, 2020**

	<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, 2020**

	<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, 2020**

	<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	\$ (43,430)	\$ 68,447	\$ 68,447
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>(43,430)</u>	<u>200,570</u>	<u>200,570</u>
Expenditures and Other Financing Uses				
Purchased Professional Services				24,000
Construction Services	<u>152,158</u>	<u>-</u>	<u>152,158</u>	<u>176,570</u>
Total Expenditures and Other Financing Uses	<u>152,158</u>	<u>-</u>	<u>152,158</u>	<u>200,570</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 91,842</u>	<u>\$ (43,430)</u>	<u>\$ 48,412</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	\$ (43,430)			
Revised Authorized Cost	\$ 200,570			
Percentage Increase(Decrease) Over Original Authorized Cost	-17.8%			
Percentage Completion	75.86%			
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, 2020**

	<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	\$ (42,111)	\$ 78,478	\$ 78,478
Transfer from Capital Reserve	<u>142,411</u>	<u>-</u>	<u>142,411</u>	<u>142,411</u>
Total Revenues and Other Financing Sources	<u>263,000</u>	<u>(42,111)</u>	<u>220,889</u>	<u>220,889</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	8,380		8,380	20,000
Construction Services	<u>159,900</u>	<u>-</u>	<u>159,900</u>	<u>200,889</u>
Total Expenditures and Other Financing Uses	<u>168,280</u>	<u>-</u>	<u>168,280</u>	<u>220,889</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 94,720</u>	<u>\$ (42,111)</u>	<u>\$ 52,609</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	\$ (42,111)
Revised Authorized Cost	\$ 220,889

Percentage Increase(Decrease) Over Original Authorized Cost	-16.0%
Percentage Completion	76.18%
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, 2020**

	<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	<u>216,157</u>	<u>-</u>	<u>216,157</u>	<u>216,157</u>
Expenditures and Other Financing Uses				
Purchased Professional Services				
Construction Services	-	\$ 216,157	216,157	216,157
Total Expenditures and Other Financing Uses	<u>-</u>	<u>216,157</u>	<u>216,157</u>	<u>216,157</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 216,157</u>	<u>\$ (216,157)</u>	<u>\$ -</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	\$ 216,157
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 216,157
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	100.00%
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, 2020**

	<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	\$ 96,400	\$ 251,400	\$ 251,400
Transfer from Capital Outlay	-	15,170	15,170	15,170
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	155,000	111,570	266,570	266,570
Expenditures and Other Financing Uses				
Purchased Professional Services	12,000	85,593	97,593	97,593
Construction Services	-	168,170	168,170	168,977
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	12,000	253,763	265,763	266,570
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 143,000</u>	<u>\$ (142,193)</u>	<u>\$ 807</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	\$ 143,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 143,000
Percentage Increase(Decrease) Over Original Authorized Cost	0.0%
Percentage Completion	99.70%
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, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 657,544		\$ 657,544	\$ 657,544
Interest on Lease Purchase	<u>201</u>	<u>\$ 13</u>	<u>214</u>	<u>214</u>
Total Revenues and Other Financing Sources	<u>657,745</u>	<u>13</u>	<u>657,758</u>	<u>657,758</u>
Expenditures and Other Financing Uses				
Regular Instruction				
Supplies and Equipment	639,349		639,349	656,258
General Administration				
Bank Fee	<u>500</u>	<u>-</u>	<u>500</u>	<u>1,500</u>
Total Expenditures and Other Financing Uses	<u>639,849</u>	<u>-</u>	<u>639,849</u>	<u>657,758</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 17,896</u>	<u>\$ 13</u>	<u>\$ 17,909</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	\$ 214
Revised Authorized Cost	\$ 657,758

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

EXHIBIT G-1

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 268,650	\$ 2,415,096	\$ 2,683,746
Total Assets	<u>\$ 268,650</u>	<u>\$ 2,415,096</u>	<u>\$ 2,683,746</u>
LIABILITIES			
Due to Student Groups	\$ 268,650		\$ 268,650
Accrued Salaries & Wages		\$ (2,461)	(2,461)
Summer Savings		1,890,683	1,890,683
Payroll Deductions and Withholdings		378,520	378,520
Reserve for Flex Spending Account		21,039	21,039
Due to Other Funds	<u>-</u>	<u>127,315</u>	<u>127,315</u>
Total Liabilities	<u>\$ 268,650</u>	<u>\$ 2,415,096</u>	<u>\$ 2,683,746</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

<u>School</u>	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
ELEMENTARY SCHOOLS				
Madison	\$ 10,535	\$ 8,807	\$ 16,161	\$ 3,181
Grover Cleveland	7,960	3,738	4,969	6,729
Roosevelt School	20,397	37,020	37,994	19,423
Franklin	<u>24,959</u>	<u>21,560</u>	<u>16,050</u>	<u>30,469</u>
Total Elementary Schools	<u>63,851</u>	<u>71,125</u>	<u>75,174</u>	<u>59,802</u>
Rahway Middle School	<u>14,411</u>	<u>55,999</u>	<u>45,465</u>	<u>24,945</u>
Rahway High School	168,209	176,957	165,922	179,244
Athletics	<u>196</u>	<u>55,965</u>	<u>51,502</u>	<u>4,659</u>
Total High School	<u>168,405</u>	<u>232,922</u>	<u>217,424</u>	<u>183,903</u>
Total All Schools	<u>\$ 246,667</u>	<u>\$ 360,046</u>	<u>\$ 338,063</u>	<u>\$ 268,650</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,873,098	\$ 46,469,404	\$ 45,927,406	\$ 2,415,096
Total Assets	<u>\$ 1,873,098</u>	<u>\$ 46,469,404</u>	<u>\$ 45,927,406</u>	<u>\$ 2,415,096</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 45,765	\$ 21,095,093	\$ 20,762,338	\$ 378,520
Accrued Salaries and Wages	(17,531)	23,360,944	23,345,874	(2,461)
Summer Savings	1,740,914	1,890,683	1,740,914	1,890,683
Reserve for Flex Spending Account	18,201	53,607	50,769	21,039
Due to Other Funds	<u>85,749</u>	<u>69,077</u>	<u>27,511</u>	<u>127,315</u>
Total Liabilities	<u>\$ 1,873,098</u>	<u>\$ 46,469,404</u>	<u>\$ 45,927,406</u>	<u>\$ 2,415,096</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT GROUP
SCHEDULE OF PAYABLE BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
Taxable Refunding Bonds	04/01/03	\$ 3,025,000				\$ 255,000	\$ 255,000	
2017 Refunding School Bonds	10/12/2017	14,270,000	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>860,000</u>	<u>\$ 13,315,000</u>
						<u>\$ 14,430,000</u>	<u>\$ 1,115,000</u>	<u>\$ 13,315,000</u>
							Paid by Budget App. <u>\$ 1,115,000</u>	

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,241,403		\$ 2,241,403	\$ 2,241,403	
State Sources:					
Debt Service Aid	209,911	-	209,911	209,911	-
Total Revenues	<u>2,451,314</u>	<u>-</u>	<u>2,451,314</u>	<u>2,451,314</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	695,000		695,000	695,000	
Interest - Lease Purchases	27,592		27,592	27,592	
Interest - Early Retirement Bonds	15,122		15,122	15,121	\$ 1
Interest on Bonds	598,600		598,600	598,600	
Redemption of Principal	1,115,000	-	1,115,000	1,115,000	-
Total Regular Debt Service	<u>2,451,314</u>	<u>-</u>	<u>2,451,314</u>	<u>2,451,313</u>	<u>1</u>
Total Expenditures	<u>2,451,314</u>	<u>-</u>	<u>2,451,314</u>	<u>2,451,313</u>	<u>1</u>
Excess of Revenues Over Expenditures	-	-	-	1	1
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service				\$ 1	
Available for Future Debt Service Obligations				<u>1</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)

	2011	2012	2013	2014	Fiscal Year Ended June 30,		2017	2018	2019	2020
	(Restated)			(Restated)	2015	2016		(Restated)		
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 29,906,038
Restricted	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789	1,534,928	3,019,620
Unrestricted	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)	(14,956,062)
Total Governmental Activities Net Position	\$ 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	\$ 17,969,596
Business-Type Activities										
Net Investment in Capital Assets	\$ 265,472	\$ 256,225	\$ 264,677	\$ 233,410	\$ 218,345	\$ 210,704	\$ 237,965	\$ 277,235	\$ 399,064	\$ 380,198
Unrestricted	184,596	231,009	195,444	228,535	262,250	327,426	378,393	408,276	301,064	423,782
Total Business-Type Activities Net Position	\$ 450,068	\$ 487,234	\$ 460,121	\$ 461,945	\$ 480,595	\$ 538,130	\$ 616,358	\$ 685,511	\$ 700,128	\$ 803,980
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 30,286,236
Restricted	69,771	527,681	669,972	943,686	997,352	794,434	895,635	1,800,789	1,534,928	3,019,620
Unrestricted	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)	(14,532,280)
Total District Net Position	\$ 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	\$ 18,773,576

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 34,208,910
Special Education	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	16,757,803
Other Instruction	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	6,501,603
School Sponsored Activities And Athletics	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	1,361,485
Support Services:										
Student & Instruction Related Services	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	14,422,099
School Administrative Services	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	3,892,595
General and Business Administration	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	2,689,815
Plant Operations And Maintenance	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	5,537,396
Pupil Transportation	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	3,164,305
Interest On Long-Term Debt	1,205,961	1,172,265	1,115,673	1,011,585	1,010,774	964,640	879,093	631,501	519,425	482,402
Unallocated Depreciation	849,664	849,755	841,318	854,153	829,339	2,088,171	2,082,760	2,084,193	2,072,590	2,072,590
Total Governmental Activities Expenses	<u>61,528,071</u>	<u>64,689,883</u>	<u>68,733,454</u>	<u>69,299,213</u>	<u>77,647,955</u>	<u>82,888,378</u>	<u>91,014,944</u>	<u>92,915,547</u>	<u>93,219,494</u>	<u>91,091,003</u>
Business-Type Activities:										
Food Service	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	1,634,566
Total Business-Type Activities Expense	<u>1,611,194</u>	<u>1,662,163</u>	<u>1,789,373</u>	<u>1,797,792</u>	<u>1,824,015</u>	<u>1,847,465</u>	<u>1,921,104</u>	<u>1,999,302</u>	<u>2,163,227</u>	<u>1,634,566</u>
Total District Expenses	<u>\$ 63,139,265</u>	<u>\$ 66,352,046</u>	<u>\$ 70,522,827</u>	<u>\$ 71,097,005</u>	<u>\$ 79,471,970</u>	<u>\$ 84,735,843</u>	<u>\$ 92,936,048</u>	<u>\$ 94,914,849</u>	<u>\$ 95,382,721</u>	<u>\$ 92,725,569</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)				\$ 134,282	\$ 236,132	\$ 331,789	\$ 350,879	\$ 184,918	\$ 97,632	\$ 31,015
Operating Grants And Contributions	\$ 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	26,793,693
Capital Grants And Contributions	2,735,332	6,074,067	1,695,651	68,040	762,087	54,915	33,202	193,556	111,105	630,770
Total Governmental Activities Program Revenues	<u>13,036,417</u>	<u>17,237,784</u>	<u>13,660,657</u>	<u>11,563,722</u>	<u>19,850,271</u>	<u>22,190,394</u>	<u>28,190,847</u>	<u>31,339,458</u>	<u>29,468,850</u>	<u>27,455,478</u>
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787	\$ 607,632	\$ 641,764	\$ 692,435	\$ 767,537	\$ 827,039	\$ 570,014
Operating Grants And Contributions	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	1,168,404
Total Business Type Activities Program Revenues	<u>1,641,451</u>	<u>1,699,329</u>	<u>1,762,260</u>	<u>1,799,616</u>	<u>1,842,665</u>	<u>1,905,000</u>	<u>1,999,332</u>	<u>2,068,455</u>	<u>2,177,844</u>	<u>1,738,418</u>
Total District Program Revenues	<u>\$ 14,677,868</u>	<u>\$ 18,937,113</u>	<u>\$ 15,422,917</u>	<u>\$ 13,363,338</u>	<u>\$ 21,692,936</u>	<u>\$ 24,095,394</u>	<u>\$ 30,190,179</u>	<u>\$ 33,407,913</u>	<u>\$ 31,646,694</u>	<u>\$ 29,193,896</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (63,635,525)
Business-Type Activities	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153	14,617	103,852
Total District-Wide Net Expense	<u>\$ (48,461,397)</u>	<u>\$ (47,414,933)</u>	<u>\$ (55,099,910)</u>	<u>\$ (57,733,667)</u>	<u>\$ (57,779,034)</u>	<u>\$ (60,640,449)</u>	<u>\$ (62,745,869)</u>	<u>\$ (61,506,936)</u>	<u>\$ (63,736,027)</u>	<u>\$ (63,531,673)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 43,073,732
Taxes Levied For Debt Service	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	2,241,403
Federal and State Aid - Unrestricted	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	19,886,661
State Aid Restricted for Debt Service			122,822	128,002	131,346	136,551	141,947	147,560	153,103	154,994
Investment Earnings	34,303	16,241	540	5,203	5,864	4,958	7,184	43,744	88,982	55,990
Miscellaneous Income	875,520	297,163	243,920	191,998	281,653	218,142	246,502	337,652	306,622	229,351
Total Governmental Activities	<u>54,856,502</u>	<u>54,617,977</u>	<u>56,343,913</u>	<u>58,198,659</u>	<u>59,632,434</u>	<u>60,387,510</u>	<u>61,286,395</u>	<u>62,890,837</u>	<u>63,387,861</u>	<u>65,642,131</u>
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 54,856,502</u>	<u>\$ 54,617,977</u>	<u>\$ 56,343,913</u>	<u>\$ 58,198,659</u>	<u>\$ 59,632,434</u>	<u>\$ 60,387,510</u>	<u>\$ 61,286,395</u>	<u>\$ 62,890,837</u>	<u>\$ 63,387,861</u>	<u>\$ 65,642,131</u>
Change in Net Position										
Governmental Activities	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168	\$ 1,834,750	\$ (310,474)	\$ (1,537,702)	\$ 1,314,748	\$ (362,783)	\$ 2,006,606
Business-Type Activities	30,257	37,166	(27,113)	1,824	18,650	57,535	78,228	69,153	14,617	103,852
Total District	<u>\$ 6,395,105</u>	<u>\$ 7,203,044</u>	<u>\$ 1,244,003</u>	<u>\$ 464,992</u>	<u>\$ 1,853,400</u>	<u>\$ (252,939)</u>	<u>\$ (1,459,474)</u>	<u>\$ 1,383,901</u>	<u>\$ (348,166)</u>	<u>\$ 2,110,458</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
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	\$ 6,776,949
Assigned	885,307	435,446	953,457	1,182,358	1,561,419	1,313,967	1,633,539	1,364,585	692,591	470,840
Unassigned	<u>(680,663)</u>	<u>(771,180)</u>	<u>(809,765)</u>	<u>(780,017)</u>	<u>(1,083,300)</u>	<u>(1,032,327)</u>	<u>(1,116,141)</u>	<u>(1,248,642)</u>	<u>(1,279,139)</u>	<u>(1,567,631)</u>
Total General Fund	<u>\$ 3,270,768</u>	<u>\$ 4,524,519</u>	<u>\$ 3,855,060</u>	<u>\$ 3,526,006</u>	<u>\$ 3,744,650</u>	<u>\$ 3,523,894</u>	<u>\$ 3,673,615</u>	<u>\$ 5,252,758</u>	<u>\$ 4,576,479</u>	<u>\$ 5,680,158</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 16,289,550	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 258,772	\$ 171,370	\$ 170,025	\$ 174,979	\$ 546,075	\$ 177,327
Unassigned	<u>(11,674)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,931)</u>	<u>-</u>	<u>(927)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 16,277,876</u>	<u>\$ 3,742,499</u>	<u>\$ 313,986</u>	<u>\$ 235,327</u>	<u>\$ 249,841</u>	<u>\$ 171,370</u>	<u>\$ 169,098</u>	<u>\$ 174,979</u>	<u>\$ 546,075</u>	<u>\$ 177,327</u>

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)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 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	\$ 45,315,135
Tuition Charges				134,282	236,132	331,789	350,879	184,918	97,632	31,015
Interest Earnings	34,303	16,241	29,196	5,203	5,864	4,958	7,184	43,744	88,982	55,990
Miscellaneous	1,092,664	345,290	277,833	229,026	1,015,179	310,280	351,387	362,585	359,755	486,424
State Sources	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	40,708,971
Federal Sources	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	1,959,963
Total Revenue	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	88,557,498
Expenditures										
Instruction										
Regular Instruction	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	31,910,455
Special Education Instruction	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	16,022,703
Other Instruction	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	7,419,047
Support Services:										
Student and Inst. Related Services	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	13,727,178
General Administration	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	1,295,859
School Administrative Services	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	3,657,430
Central Services	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	1,527,533
Plant Operations And Maintenance	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	5,496,400
Pupil Transportation	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	3,159,370
Capital Outlay	8,142,237	18,658,345	5,131,879	609,538	1,213,129	143,181	42,765	223,255	202,594	917,622
Debt Service:										
Principal	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	2,019,235
Refunding Escrow	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges	1,176,615	1,147,165	1,096,236	1,031,219	1,002,525	962,269	882,900	706,084	714,816	669,735
Total Expenditures	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	87,822,567
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)	(665,515)	(299,227)	147,449	1,411,409	(510,878)	734,931
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	526,212	-	678,816	440,000	898,673	-	-	-	-	-
Proceeds from Bond Sale	-	-	-	-	-	-	-	16,176,649	-	-
Proceeds From Refunding Lease	-	-	-	-	-	-	-	(16,003,034)	205,695	-
Transfers In	19,040	5,176	440	1,549	505,872	1,126	3,246	8,753	386,361	220,505
Transfers Out	(19,040)	(5,176)	(440)	(1,549)	(505,872)	(1,126)	(3,246)	(8,753)	(386,361)	(220,505)
Total Other Financing Sources (Uses)	526,212	-	678,816	440,000	898,673	-	-	173,615	205,695	-
Net Change in Fund Balances	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)	\$ 233,158	\$ (299,227)	\$ 147,449	\$ 1,585,024	\$ (305,183)	\$ 734,931
Debt Service as a Percentage of										
Noncapital Expenditures	4.37%	4.27%	3.95%	4.08%	4.33%	4.25%	3.85%	3.69%	2.99%	3.09%

* 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	State Dated Checks	Miscellaneous	Total
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
2020	36,945	31,015	18,091	11,757	23,540		\$ 61,195	114,768	297,311

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
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
2020	14,225,300	975,344,850			127,167,150	250,115,600	68,948,400	1,435,801,300	51	1,435,801,351	2,998,857,784	3.158

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>
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
2020	6.925	3.158	2.716	1.051

Source: Tax Duplicate, City of Rahway

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

2020

Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 193,285,400	13.46%
Nova Park Square LLC	14,505,400	1.01%
80 E Milton Avenue LLC	10,265,400	0.71%
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	5,207,000	0.36%
Meridia Brownstones Urban Renewal	4,434,800	0.31%
Woodbridge Avenel LLC	4,025,300	0.28%
RSI Bank	3,753,200	0.26%
	<u>\$ 253,000,900</u>	<u>17.25%</u>

2011

Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 249,669,700	16.76%
Carriage City Properties, LLC	27,128,400	1.82%
Park Terrace at Rahway, LLC	6,684,500	0.45%
Giacobbe Investment Corp.	5,762,400	0.39%
Alard Realty Enterprises	5,477,900	0.37%
Renaissance at Rahway, LLC	5,362,800	0.36%
Woodbridge Plaza, LLC	4,329,500	0.29%
Rahway Industrial Site	4,296,900	0.29%
Ninette Group LP	3,659,600	0.25%
	<u>\$ 312,371,700</u>	<u>20.97%</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	
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
2020	45,315,135	45,315,135	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			
2011	\$ 23,955,000	\$ 5,385,000	\$ 350,500		\$ 29,690,500	27,898	\$ 1,064
2012	23,035,000	4,875,000	176,000		28,086,000	28,112	999
2013	22,085,000	4,345,000	678,816		27,108,816	28,254	959
2014	21,100,000	3,795,000	829,477		25,724,477	28,822	893
2015	20,080,000	3,225,000	1,176,549		24,481,549	29,171	839
2016	19,025,000	2,630,000	642,386		22,297,386	29,284	761
2017	17,930,000	2,010,000	326,185		20,266,185	29,631	684
2018	15,600,000	1,365,000			16,965,000	29,802	569
2019	14,430,000	695,000	657,544		15,782,544	29,895	528
2020	13,315,000	-	448,309		13,763,309	29,895 *	460

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			
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%	782
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%	650
2017	17,930,000		17,930,000	1.24%	605
2018	15,600,000		15,600,000	1.09%	523
2019	14,430,000		14,430,000	1.01%	483
2020	13,315,000		13,315,000	0.93%	445

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, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Rahway School District	\$ 14,430,000	\$ 14,430,000	
City of Rahway	<u>99,422,853</u>	<u>44,968,279</u>	<u>\$ 54,454,574</u>
 Total Direct Debt	 <u>113,852,853</u>	 <u>59,398,279</u>	 <u>54,454,574</u>
 Overlapping Debt Apportioned to the Municipality:			
Union County (2)			26,408,801
Rahway Valley Sewerage Authority (3)			<u>16,994,520</u>
 Total Overlapping Debt			 <u>43,403,321</u>
 Total Direct and Overlapping Debt			 <u>\$ 97,857,895</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - December 31, 2019.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2019 equalized value by the total 2019 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 2019 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 2020

Equalized Valuation Basis	
2019	\$ 2,965,790,303
2018	2,781,350,555
2017	<u>2,600,759,455</u>
	<u>\$ 8,347,900,313</u>
 Average Equalized Valuation Of Taxable Property	 <u>\$ 2,782,633,438</u>
 Debt Limit (4% of Average Equalization)	 \$ 111,305,338
Total Net Debt Applicable to Limit	<u>13,315,000</u>
Legal Debt Margin	<u>\$ 97,990,338</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>	<u>2020</u>
Debt Limit	\$ 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	\$ 111,305,338
Total Net Debt Applicable To Limit	<u>23,955,000</u>	<u>23,035,000</u>	<u>22,085,000</u>	<u>21,100,000</u>	<u>20,080,000</u>	<u>19,025,000</u>	<u>17,930,000</u>	<u>15,600,000</u>	<u>14,430,000</u>	<u>13,315,000</u>
Legal Debt Margin	<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>	<u>\$ 97,990,338</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 16.70%	 16.89%	 17.56%	 18.14%	 18.74%	 18.56%	 17.90%	 15.36%	 13.69%	 11.96%

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>
2011	\$ 53,127	10.8%	27,898
2012	55,151	10.6%	28,112
2013	56,129	9.0%	28,254
2014	59,230	7.5%	2,882
2015	61,270	6.6%	29,171
2016	62,526	5.6%	29,284
2017	65,036	5.3%	29,631
2018	68,262	4.5%	29,802
2019	Not available	4.0%	29,895
2020	Not available	Not available	29,895 (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)**

	2020		2011	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

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>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>	<u>2020</u>
Instruction										
Regular	244	243	240	237	237	237	236	252	257	257
Special Education	110	107	101	103	103	103	103	103	107	107
Other Special Education	33	38	42	48	48	48	48	48	48	48
Support Services:										
Student and Instruction Related Services	29	29	27	28	28	28	27	31	32	32
General Administration	4	4	3	3	3	3	3	3	3	3
School Administrative Services	28	26	26	26	26	26	26	26	26	26
Central Services	5	5	5	6	6	6	6	6	6	6
Administrative Information Technology	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	34	34	34	37	37	37	36	36	36	36
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	54	53	54	65	65	65	65	65	65	65
Total	<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>	<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				
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%
2020	3,901	84,215,975	21,588	1.40%	319	1:13	1:12	1:11	3,933	3,769	-0.28%	95.83%

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	644	661	648	719	656
Cleveland School										
Square Feet	46,375	46,375	46,375	46,375	68,825	68,825	68,825	68,825	68,825	68,825
Capacity (students)	340	340	340	340	532	540	540	540	540	540
Enrollment	336	336	336	336	528	538	543	551	544	511
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	365	355	350	351	354
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	627	605	612	611	602
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	557	555	651	694	767
High School										
Square Feet	165,833	165,833	165,833	165,833	176,133	176,135	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	1,072	1,070	1,116	1,092	1,025	1,041
Other										
Square Feet-Ace Building-St Mary's	6,893	6,893	15,000	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, 2020										
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>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>	<u>2020</u>
School Facilities										
Madison	\$ 48,028	\$ 56,825	\$ 70,710	\$ 113,789	\$ 72,874	\$ 86,606	\$ 113,132	\$ 72,157	\$ 89,540	\$ 67,958
Grover Cleveland	57,798	115,863	75,279	104,084	105,466	69,824	122,773	83,854	104,054	86,590
Roosevelt	129,306	151,196	114,555	135,447	109,027	105,831	161,912	91,211	113,184	99,153
Franklin	46,689	96,203	89,737	121,072	137,626	140,108	135,041	94,141	116,819	102,864
Middle School	92,894	123,840	113,321	92,311	160,453	192,998	169,430	207,672	257,700	181,938
High School	<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>	<u>221,599</u>
Total School Facilities	557,835	739,961	754,403	926,149	847,855	828,635	898,584	827,411	1,026,733	760,102
Other Facilities	<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>	<u>25,452</u>
Grand Total	<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>	<u>\$ 785,554</u>

Source: District records

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
(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 Zone "A"; all others at \$10,000 deductible	10,000,000 10,000,000	per occurrence aggregate
NJSBAIG		
Boiler and Machinery	100,000,000	1,000
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	35,574,457	
Worker's Compensation- Non-professional and Driver	2,570,700	
Athletic Accident- Zurich Insurance Company:		
All participants- Including Football	25,000	
Student Accident- AIG Life Insurance:		
Voluntary Participation	500,000	
Interscholastic Athletes	5,000,000	
NJSBAIG		
Environmental Liability Each Loss	1,000,000	25,000
Environmental Liability Aggregate	11,000,000	
NJ School Boards		
School Board Legal	11,000,000	10,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 and the related notes to the financial statements, which collectively comprise the Rahway School District’s basic financial statements and have issued our report thereon dated February 5, 2021.

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

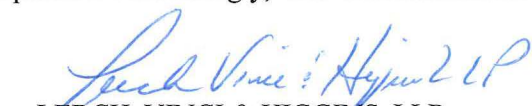
As part of obtaining reasonable assurance about whether the Rahway School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 February 5, 2021.

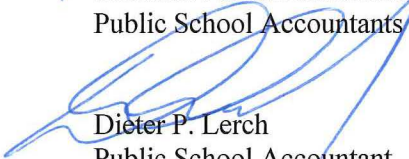
Purpose of this Report

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.

Fair Lawn, New Jersey
February 5, 2021



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



Dieter P. Lerch
Public School Accountant
PSA Number CS000756



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Rahway School District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rahway School District’s major federal and state programs for the fiscal year ended June 30, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08, and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

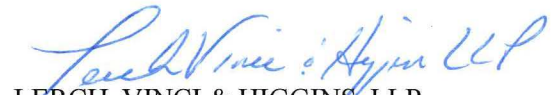
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

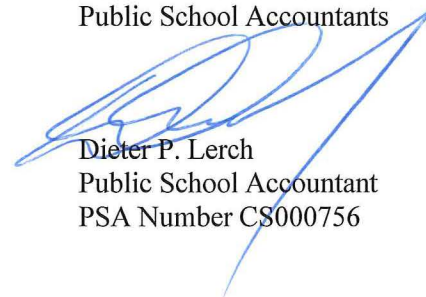
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 5, 2021, 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
February 5, 2021

RAHWAY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Carryover Amount			Cash Received	Budgetary Expenditures	Carryover Funds Released		Balance, June 30, 2020		Due to Grantor at June 30, 2020	MEMO GAAP Receivable
					Balance July 1, 2019	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	201NJ304N1099	7/1/19-6/30/20	\$ 139,568			\$ 139,568	\$ 133,973			\$ 5,595				
Non-Cash Assistance	10.550	191NJ304N1099	7/1/18-6/30/19	146,223	\$ 2,145			2,145							
Cash Assistance	10.555	201NJ304N1099	7/1/19-6/30/20	816,337			763,959	816,337			\$ (52,378)			\$ 52,378	
Cash Assistance	10.555	191NJ304N1099	7/1/18-6/30/19	1,005,293	(63,218)		63,218								
National School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	198,555			165,632	198,555			(32,923)			32,923	
National School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	174,120	(13,161)		13,161								
Total U.S. Department of Agriculture - Enterprise Fund					(74,234)		1,145,538	1,151,010			(85,301)	5,595		85,301	
U.S. Department of Health and Human Services															
Passed-through State Department of Education:															
<i>General Fund</i>															
Medicaid Assistance	93.778	2005NJSMAP	7/1/19-6/30/20	141,994			141,994	141,994							
Total U.S. Department of Health and Human Services							141,994	141,994							
U.S. Department of Education															
Passed-through State Department of Education															
<i>Special Revenue Fund</i>															
IDEA Part B - Basic	84.027	H027A190100	7/1/19-9/30/20	1,037,145	\$ 460	\$ (460)	824,567	921,564			(213,038)	116,041		96,997	
IDEA Part B - Basic	84.027	H027A180100	7/1/18-6/30/19	998,936	(197,622)	(460)	460	197,622							
IDEA Part B - Preschool	84.173	H173A190114	7/1/19-9/30/20	30,263				30,263							
IDEA Part B - Preschool	84.173	H173A180114	7/1/18-6/30/19	29,271	(8,443)		8,443								
Total Special Education Cluster					(206,065)		1,060,895	951,827			(213,038)	116,041		96,997	
Title III	84.365	S365A190030	7/1/19-9/30/20	64,771		5,311	(5,311)	56,267	62,608		(13,815)	7,474		6,341	
Title III	84.365	S365A180030	7/1/18-6/30/19	77,516	(21,254)	(5,311)	5,311	21,254							
Title III - Immigrant	84.365	S365A190030	7/1/19-9/30/20			9,859	(9,859)		172		(9,859)	9,687		172	
Title III - Immigrant	84.365	S365A180030	7/1/18-6/30/19	11,282	(8,240)	(9,859)	9,859	8,240							
Total Title III Cluster					(29,494)		85,761	62,780			(23,674)	17,161		6,513	
Title I	84.010	S010A190030	7/1/19-9/30/20	560,648		80,890	(80,890)	331,237	603,765		(310,301)	37,773		272,528	
Title I	84.010	S010A180030	7/1/18-6/30/19	597,785	(260,102)	(80,890)	80,890	260,102							
Title I SIA	84.010	S010A190030	7/1/19-9/30/20	49,400		63,430	(63,430)	34,082	57,526	\$ (5,904)	\$ 5,904	(72,844)	49,400	23,444	
Title I SIA	84.010	S010A180030	7/1/18-6/30/19	63,430	(5,444)	(63,430)	63,430	5,444							
Title I Re-Allocated	84.010	S010A190030	7/1/19-9/30/20	48,608				2,499	2,499						
Title I Re-Allocated	84.010	S010A180030	7/1/18-6/30/19	63,000				63,000				63,000			
Title IIA	84.367	S367A190029	7/1/19-9/30/20	122,556		128,562	(128,562)	85,965	88,704	(32,358)	32,358	(132,795)	130,056	2,739	
Title IIA	84.367	S367A180029	7/1/18-6/30/19	127,805	(27,893)	(128,562)	128,562	27,893							
Title IV	84.424	S424A190029	7/1/19-9/30/20	35,027		30,677	(30,677)	34,271	34,271		(31,433)	31,433			
Title IV	84.424	S424A180029	7/1/18-6/30/19	22,637	(740)	(30,677)	30,677	740							
CARES Emergency Relief Grant	84.425d	S425D200027	3/13/20-9/30/22	450,731							(450,731)	450,731			
Total U.S. Department of Education - Special Revenue Fund					(529,738)		1,991,889	1,801,372	(38,262)	38,262	(1,234,816)	895,595		402,221	
Total Federal Awards					\$ (603,972)	\$ -	\$ 3,279,421	\$ 3,094,376	\$ (38,262)	\$ 38,262	\$ (1,320,117)	\$ 901,190	\$ -	\$ 487,522	

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2019			Cash Received	Budgetary Expenditures	Transfers/ Adjustment	Refund Prior Years' Balances	June 30, 2020			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
General Fund:															
State Department of Education:															
Equalization Aid	20-495-034-5120-078	\$ 20,072,650	7/1/19-6/30/20				\$ 18,079,160	\$ 20,072,650			\$ (1,993,490)				\$ 20,072,650
Equalization Aid	19-495-034-5120-078	18,255,061	7/1/18-6/30/19	\$ (1,807,501)			1,807,501								
Security Aid	20-495-034-5120-084	1,032,364	7/1/19-6/30/20				929,836	1,032,364			(102,528)			1,032,364	
Security Aid	19-495-034-5120-084	1,032,364	7/1/18-6/30/19	(102,218)			102,218								
Special Education Aid	20-495-034-5120-089	2,263,445	7/1/19-6/30/20				2,038,654	2,263,445			(224,791)			2,263,445	
Special Education Aid	19-495-034-5120-089	2,263,445	7/1/18-6/30/19	(224,112)	-	-	224,112								
Total State Aid Public Cluster				(2,133,831)	-	-	23,181,481	23,368,459	-	-	(2,320,809)	-	-	-	23,368,459
Transportation Aid	20-495-034-5120-014	916,421	7/1/19-6/30/20				825,408	916,421			(91,013)			916,421	
Transportation Aid	19-495-034-5120-014	916,421	7/1/18-6/30/19	(90,738)			90,738								
Nonpublic Transportation	not available	23,214	7/1/19-6/30/20					23,214			(23,214)		\$ 23,214	23,214	
Nonpublic Transportation	not available	62,060	7/1/18-6/30/19	(62,060)	-	-	62,060								
Total Transportation Aid Cluster				(152,798)	-	-	978,206	939,635	-	-	(114,227)	-	-	23,214	939,635
Extraordinary Aid	20-100-034-5120-044	868,551	7/1/19-6/30/20					868,551			(868,551)			868,551	
Extraordinary Aid	19-100-034-5120-044	766,945	7/1/18-6/30/19	(766,945)			766,945								
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	2,325,059	7/1/19-6/30/20				2,210,733	2,325,059			(114,326)		114,326	2,325,059	
On-Behalf TPAF Pension Contribution	20-495-034-5094-006	6,206,233	7/1/19-6/30/20				6,206,233	6,206,233						6,206,233	
On-Behalf TPAF Non-Contributory Group Insurance	20-495-034-5094-007	111,240	7/1/19-6/30/20				111,240	111,240						111,240	
On-Behalf TPAF Long Term Disability Insurance	20-495-034-5094-007	4,757	7/1/19-6/30/20				4,757	4,757						4,757	
On-Behalf TPAF Post Retirement Medical Benefits	20-495-034-5094-001	2,343,667	7/1/19-6/30/20				2,343,667	2,343,667						2,343,667	
Total General Fund				(3,053,574)	-	-	35,803,262	36,167,601	-	-	(3,417,913)	-	-	137,540	36,167,601
Special Revenue Fund:															
State Department of Education:															
N.J. Nonpublic Aid:															
Textbook Aid	20-100-034-5120-064	422	7/1/19-6/30/20				422	368					\$ 54	368	
Textbook Aid	19-100-034-5120-064	374	7/1/18-6/30/19		\$ 48					\$ 48					
Nursing Services	20-100-034-5120-070	776	7/1/19-6/30/20				776	776						776	
Technology Initiative	20-100-034-5120-373	288	7/1/19-6/30/20				288	272					16	272	
Technology Initiative	19-100-034-5120-373	252	7/1/18-6/30/19		21					21					
Security Aid	20-100-034-5120-509	1,200	7/1/19-6/30/20				1,200	1,200						1,200	
Security Aid	19-100-034-5120-509	1,050	7/1/18-6/30/19		594					594					
Preschool Education Aid	20-495-034-5120-086	4,494,237	7/1/19-6/30/20			\$ 898,826	4,044,813	4,707,702	\$ 90,000		(449,424)	\$ 775,361		4,707,702	
Preschool Education Aid	19-495-034-5120-086	4,424,541	7/1/18-6/30/19	456,372	-	(898,826)	442,454								
Total Special Revenue Fund				456,372	663	-	4,489,953	4,710,318	90,000	663	(449,424)	775,361	70	-	4,710,318

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2019		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	Balance, June 30, 2020			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund:															
Debt Service Aid - Type II	20-495-034-5120-075	\$ 209,911	7/1/19-6/30/20	-	-	-	\$ 209,911	\$ 209,911	-	-	-	-	-	-	\$ 209,911
Total Debt Service Fund				-	-	-	209,911	209,911	-	-	-	-	-	-	209,911
Enterprise Fund:															
School Lunch Program	20-100-010-3350-023	17,394	7/1/19-6/30/20				16,571	17,394			\$ (823)				17,394
School Lunch Program	19-100-010-3350-023	23,381	7/1/18-6/30/19	\$ (1,459)	-	-	1,459	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,459)	-	-	18,030	17,394	-	-	(823)	-	-	-	17,394
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)			77,159								120,589
High School Emergency Generator	4290-050-14-G2RL	111,877		(69,766)			69,766								111,877
2009 Referendum															
High School Room Renovations	4290-050-09-00AY	4,304,169		(855,466)							(860,833)	5,367			4,298,802
High School Window, HVAC and Electrical Upgrades	4290-050-09-0ZBK	618,341		(618,341)			617,226				(1,115)				618,341
Middle School Boilers, Fire Alarms and Electrical Panels	4290-060-09-0ZBL	2,295,442		(454,631)			458,700				(388)	4,457			2,290,985
Cleveland School Additions and Renovations	4290-090-09-00BA	1,620,946		(1,608,070)			1,296,756				(324,190)	12,876			1,608,070
Total Capital Projects Fund				(3,683,433)			2,519,607				(1,186,526)	22,700			10,541,998
Total State Financial Assistance Subject to Single Audit Determination				\$ (6,282,094)	\$ 663	\$ -	\$ 43,040,763	\$ 41,105,224	\$ 90,000	\$ 663	\$ (5,954,686)	\$ 798,061	\$ 70	\$ 1,324,066	\$ 51,647,222
Less:															
State Assistance Not Subject to Single Audit:															
TPAF Pension											(6,206,233)				
TPAF NCGI Contribution											(111,240)				
TPAF LTDI Contribution											(4,757)				
TPAF Post-Retirement Medical Contribution											(2,343,667)				
State Assistance Subject to Major Program Determination															\$ 32,439,327

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$288,859 for the general fund and an increase of \$15,524 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	\$ 141,994	\$ 35,878,742	\$ 36,020,736
Special Revenue Fund	1,817,969	4,620,318	6,438,287
Debt Service Fund		209,911	209,911
Food Service Fund	<u>1,151,010</u>	<u>17,394</u>	<u>1,168,404</u>
Total Financial Assistance	<u>\$ 3,110,973</u>	<u>\$ 40,726,365</u>	<u>\$ 43,837,338</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$2,325,059 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$6,317,473, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,343,667 and TPAF Long-Term Disability Insurance in the amount of \$4,757 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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, 2020

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>
<u>84.027</u>	<u>H027A180100</u>	<u>IDEA Part B - Basic</u>
<u>84.173</u>	<u>H173A180114</u>	<u>IDEA Part B - Preschool</u>
<u>10.555</u>	<u>201NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>201NJ304N1099</u>	<u>National School Breakfast Program</u>

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, 2020**

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>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Aid
20-495-034-5120-084	Security Aid
20-100-034-5120-044	Extraordinary Aid

Dollar threshold used to distinguish between Type A and Type B Programs \$ _____ 973,180

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, 2020**

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, 2020**

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, 2020**

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 2020-001

Our audit of the District's Extraordinary Aid application indicated that individual student costs claimed on the application were not in agreement with the respective tuition contract amount.

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

Questioned Costs:

Undeterminable

Context:

Fifty-three (53) students were claimed on the extraordinary aid application with total costs of \$4,496,694. Ten (10) applications were tested. A total variance of \$79,979 was found when comparing costs claimed to actual tuition contract amounts.

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.

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, 2020**

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 2019-001

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

Corrective action was taken.

Finding 2019-002

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

Current Status

See Finding 2020-001.