

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF RANDOLPH**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

Township of Randolph School District

Randolph, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

RANDOLPH TOWNSHIP SCHOOLS

25 School House Road, Randolph, NJ 07869

(973) 361-0808

Fax (973) 361-2405

Ms. Jennifer Fano
Superintendent of Schools

Mr. Gerald Eckert
Business Administrator
Board Secretary

January 18, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Township of Randolph School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Randolph Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2017-18 fiscal year with an enrollment of 4,700 students.

2) ECONOMIC CONDITION AND OUTLOOK: The Randolph Township School District is facing a significant reduction to its State aid over the next seven fiscal years. The 2018-19 fiscal year saw a reduction of \$504,437 and the District expects a total reduction of \$6,737,777 over a seven-year span. While the Township tax ratable base continues on a flat to slight incline, the Township of Randolph has recently completed a revaluation process for the 2017 tax year. The District's enrollment continues to be on a downward trend. The Board has recently settled a contract with the Randolph Education Association (REA) that runs through the 2020-21 School year and with the Randolph Township Administrators Association (RTAA) that runs through the 2021-22 School year.

3) MAJOR INITIATIVES: During the 2017-2018 school year, the Randolph Township School District continued with the comprehensive review and revision of district curricula, according to parameters set forth in the 5-year curriculum review cycle, approved each year by the Board of Education. Along with each new or newly revised curriculum, access to digital content and training of teachers to implement new curricular elements were provided.

Professional development (PD) opportunities continue to be provided for all new curricula and the Stronge evaluation model. Teachers were provided with opportunities to attend workshops in-district, out of district, and after school hours. The District administration was provided with PD in the evaluation process and instructional trends, to mirror training provided to instructional staff. The District is also contracting with providers of PD and educational support material across the curriculum, with an emphasis on Science, Technology, Engineering, Art, and Mathematics (STEAM), as well as problem-based instruction that incorporates critical thinking skills.

As we strive to set targeted, individualized academic goals for all, the District will grow our administration of MAP (Measures of Academic Progress) assessments across our K – 8 classrooms. Sustained professional development for our elementary and middle school staff and administration has been set up to support targeted learning goals in reading, language arts, and mathematics.

The District continues to use a model of PD that emphasizes a "push-in" approach whenever possible, whereby PD providers deliver their assistance to teachers in our own classrooms with our own students, rather than a more traditional "pull-out" approach that requires teachers to leave their classrooms.

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

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

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and/or assignments at June 30, 2018.

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

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

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

The Board is a member of the New Jersey School Insurance Group (the "NJSIG"). The NJSIG is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost workers' compensation insurance coverage to their members. Additional information on the NJSIG is included in Note 9 to the Financial Statements.

The Honorable President and Members
of the Board of Education
Township of Randolph School District
Page 4
January 18, 2019

9) OTHER INFORMATION:

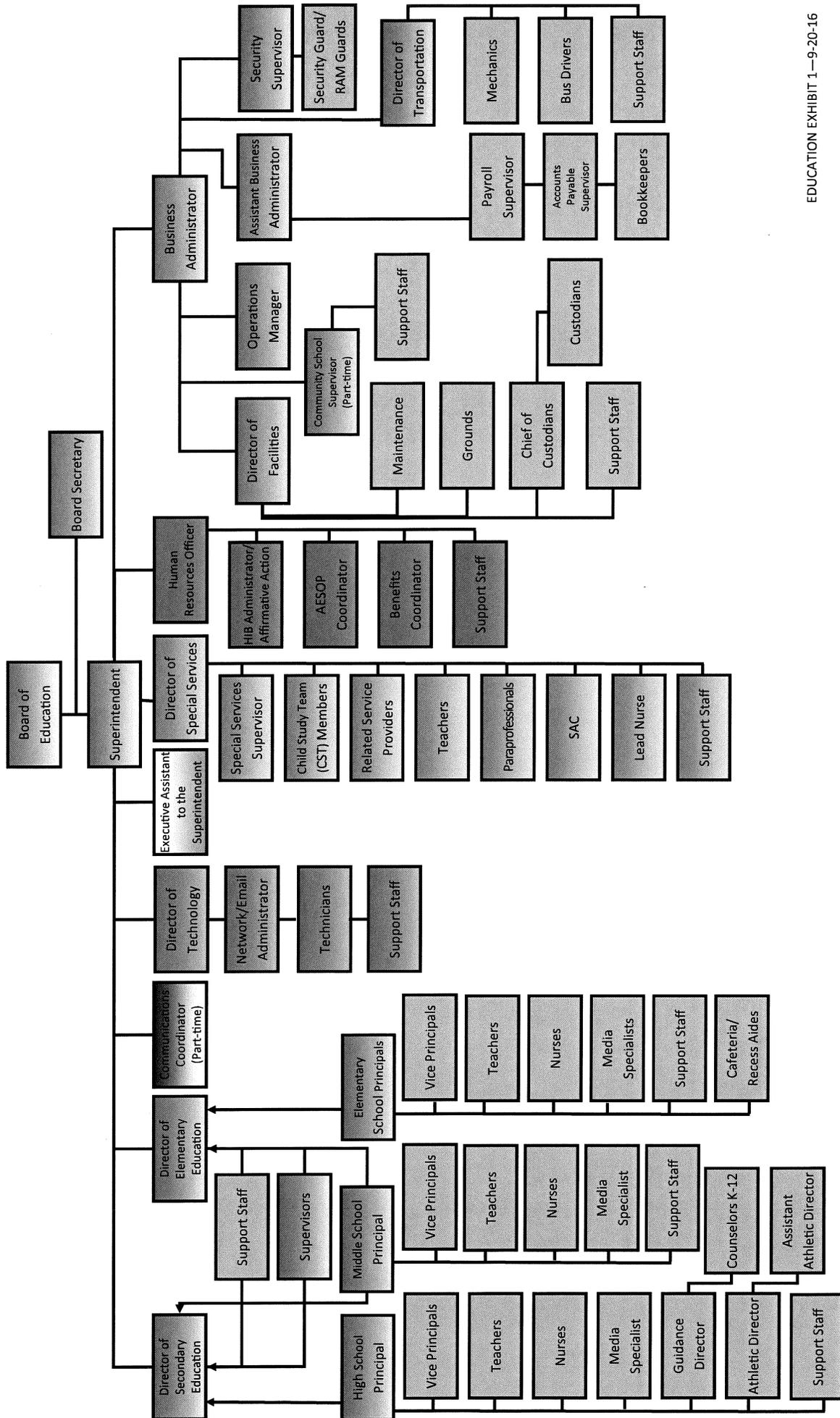
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit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

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

Respectfully submitted,

Jennifer Fano
Jennifer Fano
Superintendent

Gerald Eckert
Gerald Eckert
Business Administrator



TOWNSHIP OF RANDOLPH SCHOOL DISTRICT

**Roster of Officials
June 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ronald Conti, President	2020
Joseph Faranetta, Vice President	2020
Susan DeVito	2019
Sheldon Epstein	2019
Tammy MacKay	2018
Anne Standridge	2018
Christopher Treston	2020
Stacy White	2018

OTHER OFFICIALS

TITLE

Jennifer A. Fano

Superintendent of Schools

Gerald M. Eckert

School Business Administrator/Board Secretary

TOWNSHIP OF RANDOLPH SCHOOL DISTRICT
Consultants and Advisors

Architect

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

Attorney

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

Audit Firm

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

Official Depository

The Provident Bank
1185 Sussex Turnpike
Randolph, NJ 07869

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
(Unaudited)**

This section of Township of Randolph School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services and the community school.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to Financial Statements* provide additional information essential to a full understanding of the district-wide and fund financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Financial Report**

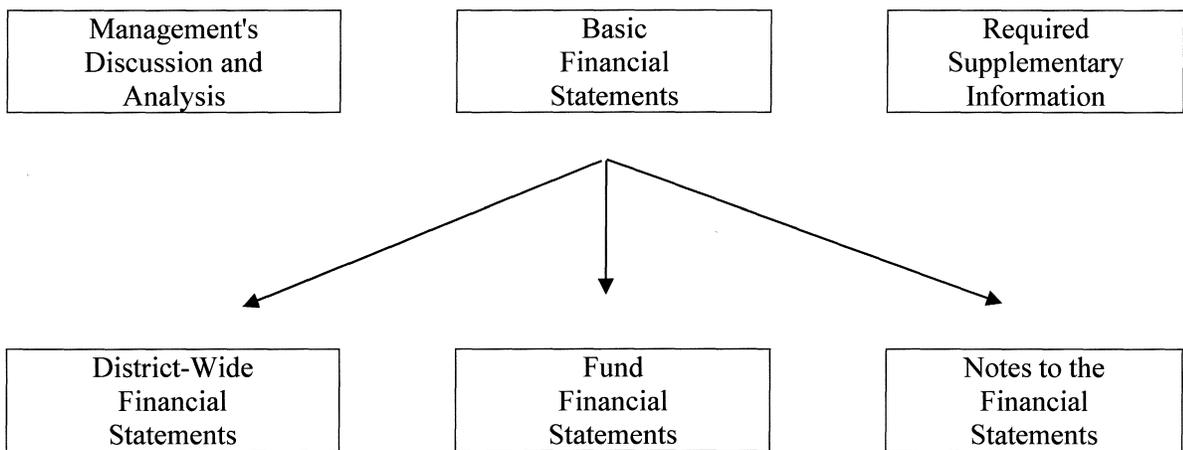


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position totaled \$12,506,788, 41.04% more than the prior year. Net position from governmental activities increased \$3,250,030 and the net position from business-type activities increased \$389,049.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Percentage Change 2017/18
Current and Other Assets	\$12,160,416	\$11,352,615	\$ 1,505,761	\$ 1,065,123	\$13,666,177	\$12,417,738	
Capital Assets, Net	56,640,334	54,430,190	192,583	191,134	56,832,917	54,621,324	
Total Assets	<u>68,800,750</u>	<u>65,782,805</u>	<u>1,698,344</u>	<u>1,256,257</u>	<u>70,499,094</u>	<u>67,039,062</u>	5.16%
Deferred Outflows of Resources	<u>11,462,057</u>	<u>14,034,271</u>			<u>11,462,057</u>	<u>14,034,271</u>	-18.33%
Other Liabilities	3,394,936	2,939,755	436,569	383,558	3,831,505	3,323,313	
Long-Term Liabilities Outstanding	58,752,361	68,872,909	9,429	9,402	58,761,790	68,882,311	
Total Liabilities	<u>62,147,297</u>	<u>71,812,664</u>	<u>445,998</u>	<u>392,960</u>	<u>62,593,295</u>	<u>72,205,624</u>	-13.31%
Deferred Inflows of Resources	<u>6,861,068</u>				<u>6,861,068</u>		100.00%
Net Position:							
Net Investment in Capital Assets	34,768,233	30,521,849	192,583	191,134	34,960,816	30,712,983	
Restricted	9,031,858	8,189,973			9,031,858	8,189,973	
Unrestricted/(Deficit)	<u>(32,545,649)</u>	<u>(30,707,410)</u>	<u>1,059,763</u>	<u>672,163</u>	<u>(31,485,886)</u>	<u>(30,035,247)</u>	
Total Net Position	<u>\$11,254,442</u>	<u>\$ 8,004,412</u>	<u>\$ 1,252,346</u>	<u>\$ 863,297</u>	<u>\$12,506,788</u>	<u>\$ 8,867,709</u>	41.04%

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2017/18	Business-Type Activities 2017/18	Total School District 2017/18	Governmental Activities 2016/17	Business-Type Activities 2016/17	Total School District 2016/17	Percentage Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services	\$ 136,842	\$ 2,384,909	\$ 2,521,751	\$ 121,699	\$ 2,270,374	\$ 2,392,073	
Operating Grants and Contributions	35,914,350	277,838	36,192,188	33,501,405	261,899	33,763,304	
General Revenue:							
Property Taxes	76,180,580		76,180,580	74,788,920		74,788,920	
Unrestricted State and Federal Aid	9,295,437		9,295,437	9,288,244		9,288,244	
Other	213,901	5,756	219,657	170,677	3,454	174,131	
Total Revenue	121,741,110	2,668,503	124,409,613	117,870,945	2,535,727	120,406,672	3.32%
Expenses:							
Instruction	66,930,471		66,930,471	67,203,433		67,203,433	
Pupil and Instruction Services	19,391,239		19,391,239	19,178,718		19,178,718	
Administrative and Business	12,894,944		12,894,944	12,225,857		12,225,857	
Maintenance and Operations	10,352,578		10,352,578	10,200,716		10,200,716	
Pupil Transportation	5,895,069		5,895,069	6,204,447		6,204,447	
Other	3,026,779	2,279,454	5,306,233	832,603	2,139,755	2,972,358	
Total Expenses	118,491,080	2,279,454	120,770,534	115,845,774	2,139,755	117,985,529	2.36%
Other Items				(28,610)		(28,610)	-100.00%
Increase (Decrease) in Net Position	\$ 3,250,030	\$ 389,049	\$ 3,639,079	\$ 1,996,561	\$ 395,972	\$ 2,392,533	52.10%

Governmental Activities

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u> <u>2017/2018</u>	<u>Total Cost of Services</u> <u>2016/2017</u>	<u>Net Cost of Services</u> <u>2017/2018</u>	<u>Net Cost of Services</u> <u>2016/2017</u>
Sources of Income:				
Instruction	\$ 66,930,471	\$ 67,203,433	\$43,445,102	\$45,127,810
Pupil and Instruction Services	19,391,239	19,178,718	13,751,093	13,920,704
Administrative and Business	12,894,944	12,225,857	11,056,289	9,639,141
Maintenance and Operations	10,352,578	10,200,716	8,624,190	8,275,912
Transportation	5,895,069	6,204,447	4,850,938	4,677,589
Other	<u>3,026,779</u>	<u>832,603</u>	<u>712,276</u>	<u>581,514</u>
	<u>\$118,491,080</u>	<u>\$115,845,774</u>	<u>\$82,439,888</u>	<u>\$82,222,670</u>

Business-Type Activities

Net position from the District's business-type activity increased \$389,049. (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$79,751.
- Community School service revenues and investment earnings exceeded expenses by \$309,298, accounting for all of the increase in the net position of the Community School business-type activity.

Financial Analysis of the District's Funds

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

General Fund Budgetary Highlights

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

Capital Asset and Long-term Liabilities Administration

Figure A-6
Capital Assets (Net of Depreciation)

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	
Land	\$ 3,465,955	\$ 3,465,955			\$ 3,465,955	\$ 3,465,955	
Construction in Progress	723,836	1,965,955			723,836	1,965,955	
Buildings and Building Improvements	49,808,353	46,111,134			49,808,353	46,111,134	
Furniture, Machinery and Equipment	<u>2,642,190</u>	<u>2,887,146</u>	<u>\$ 192,583</u>	<u>\$ 191,134</u>	<u>2,834,773</u>	<u>3,078,280</u>	
Total	<u>\$ 56,640,334</u>	<u>\$ 54,430,190</u>	<u>\$ 192,583</u>	<u>\$ 191,134</u>	<u>\$ 56,832,917</u>	<u>\$ 54,621,324</u>	4.05%

Long-term Liabilities

At year-end, the District had \$19,560,000 in general obligation bonds outstanding – a decrease of \$3,165,000 from last year – as shown in Figure A-7. Net Pension Liability decreased by \$7,823,990, capital leases increased by \$983,238 and other long-term liabilities increased by \$112,809 - as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2017/2018	2016/2017	
General Obligation Bonds (Financed with Property Taxes)	\$ 19,560,000	\$ 22,725,000	
Unamortized Bond Issuance Premium	1,014,759	1,242,337	
Net Pension Liability	34,181,106	42,005,096	
Other Long-Term Liabilities	4,005,925	2,909,878	
	<u>\$ 58,761,790</u>	<u>\$ 68,882,311</u>	-14.69%

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

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

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,847,443	\$ 1,506,748	\$ 5,354,191
Internal Balances	35,563	(35,563)	
Receivables from Other Governments	1,249,273	18,225	1,267,498
Other Accounts Receivable		3,292	3,292
Inventory		13,059	13,059
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	6,253,019		6,253,019
Maintenance Reserve Account - Cash and Cash Equivalents	775,118		775,118
Capital Assets:			
Land and Construction in Progress	4,189,791		4,189,791
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	52,450,543	192,583	52,643,126
Total Assets	<u>68,800,750</u>	<u>1,698,344</u>	<u>70,499,094</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	561,150		561,150
Deferred Outflows of Resources Related to Pensions	10,900,907		10,900,907
Total Deferred Outflows of Resources	<u>11,462,057</u>		<u>11,462,057</u>
LIABILITIES			
Accrued Interest Payable	266,529		266,529
Accounts Payable - Vendors	3,081,185		3,081,185
Payable to Federal and State Governments	6,865		6,865
Unearned Revenue	40,357	436,569	476,926
Noncurrent Liabilities:			
Due Within One Year	4,503,579		4,503,579
Due Beyond One Year	54,248,782	9,429	54,258,211
Total Liabilities	<u>62,147,297</u>	<u>445,998</u>	<u>62,593,295</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	6,861,068		6,861,068
Total Deferred Inflows of Resources	<u>6,861,068</u>		<u>6,861,068</u>
NET POSITION			
Net Investment in Capital Assets	34,768,233	192,583	34,960,816
Restricted for:			
Capital Projects	6,253,019		6,253,019
Debt Service	5,260		5,260
Excess Surplus - Subsequent Year's Expenditures	833,306		833,306
Excess Surplus	1,165,155		1,165,155
Maintenance Reserve	775,118		775,118
Unrestricted (Deficit)	(32,545,649)	1,059,763	(31,485,886)
Total Net Position	<u>\$ 11,254,442</u>	<u>\$ 1,252,346</u>	<u>\$ 12,506,788</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 66,930,471	\$ 136,842	\$ 23,348,527	\$ (43,445,102)	\$	\$ (43,445,102)
Support Services:						
Tuition	2,313,188		1,171,557	(1,141,631)		(1,141,631)
Student & Instruction Related Services	17,078,051		4,468,589	(12,609,462)		(12,609,462)
General Administrative Services	2,315,993		296,688	(2,019,305)		(2,019,305)
School Administrative Services	5,691,607		1,643,683	(4,047,924)		(4,047,924)
Central Services	2,322,964		466,528	(1,856,436)		(1,856,436)
Administrative Information Technology	2,564,380		480,556	(2,083,824)		(2,083,824)
Plant Operations and Maintenance	10,352,578		2,138,788	(8,213,790)		(8,213,790)
Pupil Transportation	5,895,069		1,654,931	(4,240,138)		(4,240,138)
Unallocated Depreciation	6,159			(6,159)		(6,159)
Interest on Long-Term Debt	583,980		244,503	(339,477)		(339,477)
Capital Outlay	2,277,293			(2,277,293)		(2,277,293)
Transfer of Funds to Charter Schools	159,347			(159,347)		(159,347)
Total Governmental Activities	118,491,080	136,842	35,914,350	(82,439,888)		(82,439,888)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 1,213,129	\$ 1,015,042	\$ 277,838		\$ 79,751	\$ 79,751
Community School	1,066,325	1,369,867			303,542	303,542
Total Business-Type Activities	2,279,454	2,384,909	277,838		383,293	383,293
Total Primary Government	\$ 120,770,534	\$ 2,521,751	\$ 36,192,188	\$ (82,439,888)	383,293	(82,056,595)

General Revenue and Other Item:

Taxes:						
Property Taxes, Levied for General Purposes, Net				72,642,394		72,642,394
Taxes Levied for Debt Service				3,538,186		3,538,186
Federal and State Aid not Restricted				9,295,437		9,295,437
Investment Earnings				24,429	5,756	30,185
Miscellaneous Income				189,472		189,472
Total General Revenue and Other Item				85,689,918	5,756	85,695,674
Change in Net Position				3,250,030	389,049	3,639,079
Net Position - Beginning				8,004,412	863,297	8,867,709
Net Position - Ending				\$ 11,254,442	\$ 1,252,346	\$ 12,506,788

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

FUND FINANCIAL STATEMENTS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<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	\$ 3,842,183			\$ 5,260	\$ 3,847,443
Interfund Receivable:					
Special Revenue Fund	166,115				166,115
Enterprise Funds - Food Service	35,563				35,563
Receivables:					
Federal Government		\$ 228,843			228,843
State Government	1,020,430				1,020,430
Restricted Cash and Cash Equivalents					
Capital Reserve Account	6,253,019				6,253,019
Maintenance Reserve Account	775,118				775,118
Total Assets	<u>\$ 12,092,428</u>	<u>\$ 228,843</u>	<u>\$ -0-</u>	<u>\$ 5,260</u>	<u>\$ 12,326,531</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Accounts Payable - Vendors	\$ 1,565,679	\$ 15,506			\$ 1,581,185
Interfund Payable:					
General Fund		166,115			166,115
Payable to State Government		6,865			6,865
Unearned Revenue		40,357			40,357
Total Liabilities	<u>1,565,679</u>	<u>228,843</u>			<u>1,794,522</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Restricted for:					
Capital Reserve Account	\$ 6,253,019				\$ 6,253,019
Maintenance Reserve Account	775,118				775,118
Debt Service				\$ 5,260	5,260
Excess Surplus	1,165,155				1,165,155
Excess Surplus - Subsequent Year's Expenditures	833,306				833,306
Assigned:					
Year End Encumbrances	723,104				723,104
Unassigned	777,047				777,047
Total Fund Balances	<u>10,526,749</u>			<u>5,260</u>	<u>10,532,009</u>
Total Liabilities and Fund Balances	<u>\$ 12,092,428</u>	<u>\$ 228,843</u>	<u>\$ -0-</u>	<u>\$ 5,260</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$111,985,490 and the accumulated depreciation is \$55,345,146.	56,640,334
Long-term liabilities, such as bonds payable, capital leases and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(23,556,496)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(34,181,106)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Change in Deferred Outflows	9,400,907
Change in Deferred Inflows	(6,861,068)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(266,529)
Bond premiums are not reported as revenue in the governmental funds in the year of the bond sale. The premium is \$2,536,773 and accumulated amortization is \$1,522,014.	(1,014,759)
The deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure. The deferred amount on the refunding is \$1,654,419 and accumulated amortization is \$1,093,269.	561,150
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 11,254,442</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 72,642,394			\$ 3,538,186	\$ 76,180,580
Tuition Charges	136,842				136,842
Interest Earned on Capital Reserve Funds	24,429				24,429
Miscellaneous	189,472	\$ 35,822			225,294
Total - Local Sources	72,993,137	35,822		3,538,186	76,567,145
State Sources	25,463,279	123,097		244,503	25,830,879
Federal Sources	33,649	1,196,130			1,229,779
Total Revenue	98,490,065	1,355,049		3,782,689	103,627,803
EXPENDITURES					
Current:					
Regular Instruction	27,632,472	157,254			27,789,726
Special Education Instruction	7,006,496	985,137			7,991,633
Other Special Instruction	428,261				428,261
Other Instruction	1,654,039				1,654,039
Support Services and Undistributed Costs:					
Tuition	2,223,370				2,223,370
Student & Instruction Related Services	9,594,673	212,658			9,807,331
General Administrative Services	1,790,004				1,790,004
School Administrative Services	3,008,723				3,008,723
Central Services	952,409				952,409
Administrative Information Technology	1,824,641				1,824,641
Plant Operations and Maintenance	6,761,941				6,761,941
Pupil Transportation	3,966,533				3,966,533
Unallocated Benefits	26,069,220				26,069,220
Debt Service:					
Principal				3,165,000	3,165,000
Interest and Other Charges				703,619	703,619
Capital Outlay	6,974,749		\$ 54,740		7,029,489
Transfer of Funds to Charter Schools	159,347				159,347
Total Expenditures	100,046,878	1,355,049	54,740	3,868,619	105,325,286
Excess/(Deficiency) of Revenue over/(under) Expenditures	(1,556,813)		(54,740)	(85,930)	(1,697,483)
OTHER FINANCING SOURCES/(USES)					
Capital Leases (Non-Budgeted)	2,070,000				2,070,000
Transfers In				5,260	5,260
Transfers Out			(5,260)		(5,260)
Total Other Financing Sources/(Uses)	2,070,000		(5,260)	5,260	2,070,000
Net Change in Fund Balances	513,187		(60,000)	(80,670)	372,517
Fund Balance—July 1	10,013,562		60,000	85,930	10,159,492
Fund Balance—June 30	\$ 10,526,749	\$ - 0 -	\$ - 0 -	\$ 5,260	\$ 10,532,009

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 372,517
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation expense	\$ (3,322,998)
	Capital outlays	<u>5,533,142</u>
		2,210,144
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(112,782)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		3,165,000
Proceeds from capital lease issues are a financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position		(2,070,000)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,086,762
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		37,583
The governmental funds report the effect of premiums and the deferred deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		82,056
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		7,823,990
Deferred Outflows:		
Changes in Deferred Inflows		(6,861,068)
Changes in Deferred Outflows		<u>(2,484,172)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 3,250,030</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
<u>ASSETS:</u>		
Current assets:		
Cash and cash equivalents	\$ 1,423,255	\$ 83,493
Accounts receivable:		
State		836
Federal		17,389
Inventories		13,059
	1,423,255	118,069
Non-current assets:		
Machinery and Equipment		670,978
Less: Accumulated depreciation		(478,395)
		192,583
Total current assets	1,423,255	118,069
Total non-current assets		192,583
Total assets	1,423,255	310,652
<u>LIABILITIES:</u>		
Current liabilities:		
Interfund payable		35,563
Unearned revenue	362,355	74,214
Long-term liabilities:		
Compensated absences payable	9,429	
	371,784	109,777
Total Liabilities	371,784	109,777
<u>NET POSITION:</u>		
Investment in capital assets		192,583
Unrestricted	1,051,471	8,292
	1,051,471	200,875
Total net position	\$ 1,051,471	\$ 200,875

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Operating revenue		
Local sources:		
Daily sales - reimbursable programs:		
School lunch program		\$ 561,958
Daily sales - non-reimbursable programs		453,084
Community School - regular program fees	\$ 1,077,520	
Community School - summer program fees	292,347	
Total operating revenue	<u>1,369,867</u>	<u>1,015,042</u>
Operating expenses:		
Cost of sales (Reimbursable) Programs		302,471
Cost of sales (Non-Reimbursable) Programs		244,592
Salaries	686,385	438,068
Employee benefits	100,445	97,573
Purchased professional/technical services	89,126	33,897
Other purchased services	112,591	13,424
Supplies and materials	59,492	
Miscellaneous	18,286	65,031
Depreciation		18,073
Total operating expenses	<u>1,066,325</u>	<u>1,213,129</u>
Operating income/(loss)	<u>303,542</u>	<u>(198,087)</u>
Non-operating revenue:		
State sources:		
State school lunch program		9,522
Federal sources:		
National school lunch program		195,122
National school breakfast program		8,659
Food distribution program		64,535
Local sources:		
Interest income	5,756	
Total non-operating revenue	<u>5,756</u>	<u>277,838</u>
Change in net position	309,298	79,751
Net position - beginning of year	<u>742,173</u>	<u>121,124</u>
Net position - end of year	<u>\$ 1,051,471</u>	<u>\$ 200,875</u>

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

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

	Business-type Activities - Enterprise Funds	
	Major Funds	
	Community School	Food Service
Cash flows from operating activities:		
Receipts from customers	\$ 1,412,295	\$ 1,024,726
Payments to employees	(786,803)	(535,641)
Payments to suppliers	(279,495)	(597,365)
Net cash provided by / (used for) operating activities	345,997	(108,280)
Cash flows from investing activities:		
Interest income	5,756	
Net cash provided by investing activities	5,756	
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(19,522)
Net cash used for capital and related financing activities		(19,522)
Cash flows from noncapital financing activities:		
Cash received from state and federal reimbursements		211,295
Cash received from General Fund-Interfund	19,146	
Net cash provided by noncapital financing activities	19,146	211,295
Net increase in cash and cash equivalents	370,899	83,493
Cash and cash equivalents, July 1	1,052,356	
Cash and cash equivalents, June 30	\$ 1,423,255	\$ 83,493
Reconciliation of operating income/(loss) to net cash provided by/(used for) operating activities:		
Operating income/(loss)	\$ 303,542	\$ (198,087)
Adjustment to reconcile operating income/(loss) to net cash provided by (used for) operating activities:		
Depreciation		18,073
Federal food distribution program		64,535
Changes in assets and liabilities:		
(Increase) in accounts receivable		(899)
(Increase) in inventory		(2,485)
Increase in unearned revenue	42,428	10,583
Increase in compensated absences payable	27	
Net cash provided by / (used for) operating activities	\$ 345,997	\$ (108,280)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$64,722 and utilized \$64,535 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2018.

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency	Private Purpose Scholarship Trust	Flexible Spending Trust
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 332,499	\$ 45,757	\$ 54,767
Total assets	332,499	45,757	54,767
<u>LIABILITIES:</u>			
Payroll deductions and withholdings	8,124		
Due to student groups	324,375		
Total liabilities	332,499		
<u>NET POSITION:</u>			
Held in Trust for:			
Scholarships		45,757	
Flexible spending claims			54,767
Total net position	\$ - 0 -	\$ 45,757	\$ 54,767

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

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

	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
Additions:		
Contributions:		
Donations	\$ 15,400	
Plan member		\$ 165,785
	<u>15,400</u>	<u>165,785</u>
Total Contributions	15,400	165,785
Investment earnings:		
Interest	212	2
	<u>212</u>	<u>2</u>
Total Additions	15,612	165,787
Deductions:		
Scholarships awarded	13,700	
Flexible Spending Claims		147,044
	<u>13,700</u>	<u>147,044</u>
Total Deductions	13,700	147,044
Change in net position	1,912	18,743
Net position—beginning of the year	<u>43,845</u>	<u>36,024</u>
Net position—end of the year	<u>\$ 45,757</u>	<u>\$ 54,767</u>

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation (Cont'd):

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 98,490,086	\$ 1,351,350
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		3,699
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,270,440	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,270,461)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 98,490,065	\$ 1,355,049
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 100,046,878	\$ 1,351,350
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		3,699
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 100,046,878	\$ 1,355,049

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

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

F. Interfund Transactions

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

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

G. Allowance for Uncollectible Accounts

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

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

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$10,526,749 General Fund balance at June 30, 2018, \$723,104 is assigned fund balance for year-end encumbrances; \$833,306 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$1,165,155 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June, 30, 2020; \$6,253,019 is restricted in the capital reserve account; \$775,118 is restricted in the maintenance reserve account; and there is \$777,047 in unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Debt Service Fund: The restricted Debt Service Fund fund balance at June 30, 2018 is \$5,260.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2018 as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,270,461 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for Pensions and the Deferred Amount on Refunding at June 30, 2018.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources for Pensions at June 30, 2018.

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Q. Net Position: (Cont'd)

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

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

R. Deficit Net Position:

The District has a deficit in unrestricted net position of \$32,545,649 in governmental activities, which is primarily due to compensated absences payable and net pension liability. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2018.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments (Cont'd):

- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments (Cont'd):

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	NJ Cash Management Fund	<u>Restricted Cash and Cash Equivalents</u>		
			Capital Reserve Account	Maintenance Reserve Account	Total
Checking and Savings Accounts	\$5,758,244		\$6,253,019	\$ 775,118	\$ 12,786,381
Money Market Accounts		\$ 28,970			28,970
	<u>\$5,758,244</u>	<u>\$ 28,970</u>	<u>\$6,253,019</u>	<u>\$ 775,118</u>	<u>\$ 12,815,351</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$12,815,351. and the bank balance was \$13,583,042. The District had \$28,970 with the State of New Jersey Cash Management Fund that was not insured or registered.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$386,492 to the capital outlay accounts for equipment and architectural/engineering services and did not require approval from the County Superintendent.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,465,955			\$ 3,465,955
Construction in Progress	1,965,955	\$ 778,575	\$ (2,020,694)	723,836
Total Capital Assets Not Being Depreciated	<u>5,431,910</u>	<u>778,575</u>	<u>(2,020,694)</u>	<u>4,189,791</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	83,884,868	4,121,830	2,020,694	90,027,392
Machinery and Equipment	17,367,420	632,737	(231,850)	17,768,307
Total Capital Assets Being Depreciated	<u>101,252,288</u>	<u>4,754,567</u>	<u>1,788,844</u>	<u>107,795,699</u>
Governmental Activities Capital Assets	<u>106,684,198</u>	<u>5,533,142</u>	<u>(231,850)</u>	<u>111,985,490</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(37,773,734)	(2,445,305)		(40,219,039)
Machinery and Equipment	(14,480,274)	(877,693)	231,850	(15,126,117)
	<u>(52,254,008)</u>	<u>(3,322,998)</u>	<u>231,850</u>	<u>(55,345,156)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,430,190</u>	<u>\$ 2,210,144</u>	<u>\$ -0-</u>	<u>\$ 56,640,334</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 651,456	\$ 19,522		\$ 670,978
Less Accumulated Depreciation	(460,322)	(18,073)		(478,395)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 191,134</u>	<u>\$ 1,449</u>	<u>\$ -0-</u>	<u>\$ 192,583</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,051,047
Special Education Instruction	271,234
Other Special Instruction	16,553
Other Instruction	64,424
Tuition	89,818
Student and Instruction Related Services	373,766
General Administrative Services	69,880
School Administrative Services	153,236
Central Services	653,515
Operations and Maintenance of Plant	420,048
Student Transportation	153,318
Special Schools	6,159
	<u>\$ 3,322,998</u>

The District expended \$778,575 toward construction projects in progress and transferred \$2,020,694 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2018, the District has \$723,836 in active construction projects.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment, mail equipment and bus garage space under operating leases which expire in 2019 through 2022. Total operating lease payments made during the year ended June 30, 2018 were \$271,858. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 258,295
2020	271,132
2021	271,132
2022	<u>11,353</u>
 Total Future Minimum Lease Payments	 <u><u>\$ 811,912</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2017</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2018</u>
Bonds Payable	\$ 22,725,000		\$ 3,165,000	\$ 19,560,000
Unamortized Bond Issuance Premium	1,242,337		227,578	1,014,759
Net Pension Liability	42,005,096		7,823,990	34,181,106
Compensated Absences Payable	1,019,865	\$ 258,723	145,914	1,132,674
Obligations Under Capital Leases	<u>1,890,013</u>	<u>2,070,000</u>	<u>1,086,762</u>	<u>2,873,251</u>
	<u><u>\$ 68,882,311</u></u>	<u><u>\$ 2,328,723</u></u>	<u><u>\$ 12,449,244</u></u>	<u><u>\$ 58,761,790</u></u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$3,230,000 and the long-term portion is \$16,330,000.

	<u>Serial Bonds</u>		
<u>Purpose</u>	<u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Various Building Improvements	2/1/2029	2.00-4.00%	\$ 9,300,000
Refunding Bonds	2/1/2025	3.00-5.00%	7,695,000
Refunding Bonds	8/1/2019	1.50-3.00%	<u>2,565,000</u>
			<u><u>\$ 19,560,000</u></u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2019	\$ 3,230,000	\$ 610,987	\$ 3,840,987
2020	2,505,000	527,706	3,032,706
2021	1,870,000	467,506	2,337,506
2022	1,915,000	409,206	2,324,206
2023	1,970,000	337,175	2,307,175
2024-2028	7,070,000	749,106	7,819,106
2029	1,000,000	40,000	1,040,000
	<u>\$ 19,560,000</u>	<u>\$ 3,141,686</u>	<u>\$ 22,701,686</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had \$900 of bonds authorized but not issued.

C. Capital Leases Payable:

The District entered into capital leases for technology equipment, buses, vehicles, and LED lighting totaling \$5,400,601 of which \$2,527,350 has been liquidated as of June 30, 2018. The capital leases are for five years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 1,027,541
2020	812,088
2021	705,797
2022	429,438
Total Minimum Lease Payments	2,974,864
Less: Amount representing interest	101,613
Present value of net minimum lease payments	<u>\$ 2,873,251</u>

The current portion of capital leases payable is \$981,836 and the long-term portion is \$1,891,415.

D. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$227,579 and is separated from the long-term liability balance of \$787,180.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds at June 30, 2018 is \$64,164 and is shown separately from the long-term liability balance of compensated absences of \$1,059,081.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, there was a long-term liability of \$9,429 for compensated absences in the Community School Fund.

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

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$34,181,106. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,360,280 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$34,181,106 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.147%, which was an increase of 0.005% from its proportion measured as of June 30, 2016.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$2,917,886. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 387,748	
	2015	5.72	1,633,300	
	2016	5.57	4,865,267	
	2017	5.48		\$(6,861,068)
			<u>6,886,315</u>	<u>(6,861,068)</u>
Difference Between Expected and Actual Experience	2015	5.72	453,152	
	2016	5.57	147,647	
	2017	5.48	204,048	
			<u>804,847</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(409,590)	
	2015	5.00	349,403	
	2016	5.00	1,465,002	
	2017	5.00	(1,172,065)	
			<u>232,750</u>	
Changes in Proportion	2014	6.44	407,798	
	2015	5.72	3,060	
	2016	5.57	173,339	
	2017	5.48	892,798	
			<u>1,476,995</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	1,500,000	
			<u>\$ 10,900,907</u>	<u>\$(6,861,068)</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 804,655
2019	1,214,246
2020	735,771
2021	(978,577)
2022	(713,251)
	\$ 1,062,844

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 42,403,982	\$ 34,181,106	\$ 27,330,432

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$5,305,116 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$16,158,824.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$233,256,423. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.346%, which was a decrease of 0.010% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>233,256,423</u>
Total	<u>\$ 233,256,423</u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$16,158,824 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
			<u>13,378,255,364</u>	<u>11,684,858,458</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(435,309,142)	
	2015	5.00	385,284,122	
	2016	5.00	1,295,565,574	
	2017	5.00	(904,033,050)	
			<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>	

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 277,115,947	\$ 233,256,423	\$ 197,124,756

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

For DCRP, the District recognized pension expense of \$10,414 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$19,093 for the fiscal year ended June 30, 2018.

NOTE 9. RISK MANAGEMENT

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

Property and Liability

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

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

As a member of the Fund and the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund and the NJSIG were to be exhausted, members would become responsible for their respective shares of the Fund's and the NJSIG's liabilities. The Fund and the NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. These distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The June 30, 2018 audit report for the Fund and the NJSIG is not available as of the date of this report. Selected, summarized financial information for the Fund and the NJSIG as of June 30, 2017 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>New Jersey School Insurance Group</u>
Total Assets	<u>\$ 41,637,320</u>	<u>\$ 328,772,862</u>
Net Position	<u>\$ 10,127,373</u>	<u>\$ 78,662,630</u>
Total Revenue	<u>\$ 41,896,275</u>	<u>\$ 131,811,793</u>
Total Expenses	<u>\$ 41,231,917</u>	<u>\$ 121,371,527</u>
Change in Net Position	<u>\$ 664,358</u>	<u>\$ 10,440,266</u>
Member Dividends	<u>\$ -0-</u>	<u>\$ -0-</u>

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

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

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

New Jersey School Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

New Jersey Unemployment Compensation Insurance

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

NOTE 10. ECONOMIC DEPENDENCY

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 201,678	
Special Revenue Fund		\$ 166,115
Enterprise Funds		35,563
	<u>\$ 201,678</u>	<u>\$ 201,678</u>

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

NOTE 12. DEFERRED COMPENSATION

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

- Equitable
- Great American Plan Administrator
- Lincoln Financial Advisors

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

NOTE 13. TAX CALENDAR

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 723,104	\$ 723,104

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2018, if any, is unknown.

NOTE 15. CAPITAL RESERVE ACCOUNT

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

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017		\$ 5,428,590
Add:		
Interest Earnings	\$ 24,429	
Transfer by Board Resolution - June 2018	<u>3,000,000</u>	
		3,024,429
		<u>8,453,019</u>
Less:		
Budgeted Withdrawal from Capital Reserve		<u>2,200,000</u>
Ending balance, June 30, 2018		<u><u>\$ 6,253,019</u></u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeded the balance in the capital reserve account. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 16. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017		\$ 350,000
Less:		
Budgeted Withdrawal from Emergency Reserve		<u>350,000</u>
Ending balance, June 30, 2018		<u><u>\$ -0-</u></u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 750,000
Return of Unexpended Funds	15,118
Transfer by Board Resolution June 2018	250,000
	1,015,118
Withdrawals:	
Board resolution	240,000
Ending balance, June 30, 2018	\$ 775,118

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more 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 total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 213,143,505	\$ 179,553,960	\$ 152,910,414
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 232,169,884	\$ 193,794,466	\$ 163,588,093

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability Attributable to the District	\$ 147,665,775	\$ 179,553,960	\$ 221,901,095
	<u>June 30, 2016</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability Attributable to the District	\$ 159,013,755	\$ 193,794,466	\$ 240,292,962

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$10,769,213 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. SUBSEQUENT EVENT

A referendum passed on October 2, 2018 approving the issuance of \$24,495,000 in bonds to finance projects that address several goals. The District will undertake renovations, alterations and improvements at Randolph Township High School, Randolph Township Middle School, Center Grove Elementary School, Fernbrook Elementary School, Ironia Elementary School, and Shongum Elementary School. These renovations, alterations, and improvements will include fixtures, furnishings, equipment, site work and related work. In addition, there will be improvements to the Randolph Township High School, field house construction and security additions at Shongum Elementary School.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.1404319814%	0.1404654329%	0.1418270218%	0.1468361399%
District's proportionate share of the net pension liability	\$ 26,292,708	\$ 31,531,675	\$ 42,005,096	\$ 34,181,106
District's covered employee payroll	\$ 9,395,315	\$ 9,621,273	\$ 9,755,434	\$ 10,029,828
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.85%	327.73%	430.58%	340.79%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,157,701	\$ 1,207,626	\$ 1,268,407	\$ 1,360,280
Contributions in relation to the contractually required contribution	<u>(1,157,701)</u>	<u>(1,207,626)</u>	<u>(1,268,407)</u>	<u>(1,360,280)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 9,309,832	\$ 9,395,315	\$ 9,621,273	\$ 9,755,434
Contributions as a percentage of covered employee payroll	12.44%	12.85%	13.18%	13.94%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.3571898561%	0.3603868100%	0.3560703151%	0.3459566128%
State's proportionate share of the net pension liability attributable to the District	\$ 190,906,353	\$ 227,779,854	\$ 280,107,581	\$ 233,256,423
District's covered employee payroll	\$ 35,964,098	\$ 36,242,645	\$ 36,585,109	\$ 37,795,723
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	530.82%	628.49%	765.63%	617.15%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 10,272,554	\$ 13,908,011	\$ 21,046,187	\$ 16,158,824
Contributions in relation to the contractually required contribution	(1,948,383)	(2,850,837)	(3,755,269)	(5,305,116)
Contribution deficiency/(excess)	<u>\$ 8,324,171</u>	<u>\$ 11,057,174</u>	<u>\$ 17,290,918</u>	<u>\$ 10,853,708</u>
District's covered employee payroll	\$ 36,242,645	\$ 36,585,109	\$ 37,795,723	\$ 37,120,829
Contributions as a percentage of covered employee payroll	5.38%	7.79%	9.94%	14.29%

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 72,642,394		\$ 72,642,394	\$ 72,642,394	\$ 136,842
Tuition from Individuals				17,060	17,060
Transportation Fees from Individuals			20,000	78,814	58,814
Rents and Royalties	20,000			24,429	24,429
Interest Earned on Capital Reserve Funds	170,920		170,920	93,598	(77,322)
Miscellaneous					
Total - Local Sources	72,833,314		72,833,314	72,993,137	159,823
State Sources:					
Transportation Aid	323,179		323,179	323,179	
Equalization Aid	7,895,104		7,895,104	7,895,104	
Categorical Special Education Aid	3,234,926		3,234,926	3,234,926	
Categorical Security Aid	103,893		103,893	103,893	
Adjustment Aid	1,118,636		1,118,636	1,118,636	
Extraordinary Aid	700,000		700,000	958,899	258,899
PARCC Readiness Aid	47,185		47,185	47,185	
Per Pupil Growth Aid	47,185		47,185	47,185	
Professional Learning Community Aid	47,260		47,260	47,260	
Host District Support Aid	2,541		2,541	2,541	
Other State Aid - Non Public Transportation				61,531	61,531
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,509,614	3,509,614
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,305,116	5,305,116
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				128,742	128,742
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				9,650	9,650
TPAF Social Security (Reimbursed - Non-Budgeted)				2,669,839	2,669,839
Total State Sources	13,519,909		13,519,909	25,463,300	11,943,391
Federal Sources:					
SEMI (Special Ed Medicaid Initiative)	38,062		38,062	33,649	(4,413)
Total - Federal Sources	38,062		38,062	33,649	(4,413)
Total Revenues	86,391,285		86,391,285	98,490,086	12,098,801

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 663,109	\$ (6,111)	\$ 656,998	\$ 610,033	\$ 46,965
Grades 1-5 - Salaries of Teachers	9,018,444	92,286	9,110,730	8,989,649	121,081
Grades 6-8 - Salaries of Teachers	6,161,695	(246,951)	5,914,744	5,656,884	257,860
Grades 9-12 - Salaries of Teachers	9,718,377	(79,611)	9,638,766	9,397,703	241,063
Regular Programs - Home Instruction:					
Salaries of Teachers	100,000	(5,658)	94,342	94,342	
Purchased Professional-Educational Services	25,000	39,000	64,000	60,943	3,057
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	314,398	151,785	466,183	466,183	
Purchased Professional - Educational Services	198,000	172,143	370,143	362,713	7,430
Other Purchased Technical Services	21,220	21,091	42,311	36,394	5,917
Other Purchased Services	294,205	(64,667)	229,538	228,259	1,279
General Supplies	1,983,297	(424,055)	1,559,242	1,458,492	100,750
Textbooks	192,461	68,944	261,405	230,013	31,392
Other Objects	57,155		57,155	40,864	16,291
Total Regular Programs - Instruction	28,747,361	(281,804)	28,465,557	27,632,472	833,085
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	910,126	12,376	922,502	922,502	
Other Salaries for Instruction	382,946	(4,619)	378,327	316,098	62,229
General Supplies	10,700		10,700	6,903	3,797
Total Learning and/or Language Disabilities	1,303,772	7,757	1,311,529	1,245,503	66,026

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Auditory Impairments:					
General Supplies	\$ 4,500		\$ 4,500	\$ 3,204	\$ 1,296
Total Auditory Impairments	4,500		4,500	3,204	1,296
Behavioral Disabilities:					
Salaries of Teachers	58,844	\$ 577	59,421	59,421	
General Supplies	3,000		3,000		3,000
Total Behavioral Disabilities	61,844	577	62,421	59,421	3,000
Multiple Disabilities:					
Salaries of Teachers	54,305	(54,305)			
Other Salaries for Instruction	21,787	(21,787)			
General Supplies	2,500		2,500	180	2,320
Total Multiple Disabilities	78,592	(76,092)	2,500	180	2,320
Resource Room/Resource Center:					
Salaries of Teachers	4,315,107		4,315,107	4,212,221	102,886
Other Salaries for Instruction	759,369		759,369	659,404	99,965
Purchased Professional Education Services		777	777	769	8
General Supplies	67,550		67,576	46,653	20,923
Total Resource Room/Resource Center	5,142,026	803	5,142,829	4,919,047	223,782
Autism:					
Salaries of Teachers	281,500		281,500	262,318	19,182
Total Autism	281,500		281,500	262,318	19,182
Preschool Disabilities - Part-Time:					
Salaries of Teachers	167,930	(1,448)	166,482	149,993	16,489
Total Preschool Disabilities - Part-Time	167,930	(1,448)	166,482	149,993	16,489
Preschool Disabilities - Full-Time:					
Salaries of Teachers	147,614	1,448	149,062	149,061	1
Other Salaries for Instruction	161,906	47,892	209,798	209,798	
General Supplies	9,000		9,000	7,971	1,029
Total Preschool Disabilities - Full-Time	318,520	49,340	367,860	366,830	1,030
Total Special Education - Instruction	7,358,684	(19,063)	7,339,621	7,006,496	333,125
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	117,712	732	118,444	118,444	
General Supplies	3,750	(1,791)	1,959	1,564	395
Total Basic Skills/Remedial - Instruction	121,462	(1,059)	120,403	120,008	395

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 295,851	\$ 3,311	\$ 299,162	\$ 299,162	\$ 491
Other Purchased Services	6,135	900	6,135	5,690	445
General Supplies	3,000	3,000	3,000	2,992	8
Textbooks	304,986	4,211	309,197	308,253	944
Total Bilingual Education - Instruction	453,000	4,927	457,927	364,511	93,416
School-Spon. Coccircular Actvts. - Instruction:					
Salaries	39,320	(684)	38,636	26,541	12,095
Supplies and Materials	31,595	(6,549)	25,046	22,808	2,238
Other Objects	523,915	(2,306)	521,609	413,860	107,749
Total School-Spon. Coccircular Actvts. - Instruction	856,739	6,596	863,335	863,319	16
School-Spon. Athletics - Instruction:					
Salaries	86,138	13,646	99,784	91,999	7,785
Purchased Services	88,025	2,408	90,433	79,995	10,438
Supplies and Materials	58,910	(1,650)	57,260	57,260	
Other Objects	1,089,812	21,000	1,110,812	1,092,573	18,239
Total School-Spon. Athletics - Instruction	76,486	6,594	76,486	76,486	
Summer School - Instruction:					
Salaries of Teachers	34,717	6,594	41,311	41,311	
Other Purchased Services	500	500	500	257	243
General Supplies	111,703	6,594	118,297	118,054	243
Total Summer School - Instruction	38,982	(6,594)	32,388	29,552	2,836
Summer School - Support Services:					
Salaries	38,982	(6,594)	32,388	29,552	2,836
Other Purchased Services	38,982	(6,594)	32,388	29,552	2,836
General Supplies	38,296,905	(279,021)	38,017,884	36,721,268	1,296,616
Total Instruction					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	393,437	(87,450)	305,987	167,097	138,890
Tuition to County Voc. School District - Regular	422,200	58,950	481,150	437,450	43,700
Tuition to County Voc. School District - Special	14,000	14,000	14,000	1,400	12,600
Tuition to Private Schools for the Handicapped - Within State	2,039,787	(52,000)	1,987,787	1,617,423	370,364
Total Undistributed Expenditures - Instruction	2,869,424	(80,500)	2,788,924	2,223,370	565,554

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Health Services:					
Salaries	\$ 716,034	\$ 21,342	\$ 737,376	\$ 698,321	\$ 39,055
Purchased Professional and Technical Services	21,879	(7,578)	14,301	5,805	8,496
Other Purchased Services	1,000	578	1,578	1,428	150
Supplies and Materials	31,900	(1,038)	30,862	23,801	7,061
Total Undistributed Expenditures - Health Services	770,813	13,304	784,117	729,355	54,762
Undist. Expend. - Speech, OT, PT, Related Services:					
Salaries	915,968	10,102	926,070	891,464	34,606
Purchased Professional - Educational Services	347,885	(25,000)	322,885	217,341	105,544
Supplies and Materials	17,058	(5,226)	11,832	10,743	1,089
Total Undist. Expend. - Speech, OT, PT, Related Services	1,280,911	(20,124)	1,260,787	1,119,548	141,239
Undist. Expend. - Other Supp. Serv. Students-Extraordinary:					
Salaries	966,599	117,088	1,083,687	1,082,336	1,351
Purchased Professional - Educational Services	415,144	(29,358)	385,786	382,451	3,335
Total Undist. Expend. - Other Supp. Serv. Students-Extraordinary	1,381,743	87,730	1,469,473	1,464,787	4,686
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	1,175,996	(873)	1,175,123	1,174,762	361
Salaries of Secretarial and Clerical Assistants	247,504	2,426	249,930	249,930	
Other Purchased Prof. and Tech. Services	8,645	3,540	12,185	12,185	
Other Purchased Services	3,000	705	3,705	3,705	
Supplies and Materials	11,986	(3,413)	8,573	7,258	1,315
Total Undist. Expend. - Guidance	1,447,131	2,385	1,449,516	1,447,840	1,676

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	\$ 1,786,701	\$ (42,793)	\$ 1,743,908	\$ 1,715,018	\$ 28,890
Salaries of Secretarial and Clerical Assistants	172,765	5,000	177,765	174,708	3,057
Purchased Professional - Educational Services	518,126	84,588	602,714	477,253	125,461
Other Purchased Prof. and Tech. Services	5,000		5,000		5,000
Miscellaneous Purchased Services (400-500 series)	10,018	5,000	15,018	12,849	2,169
Supplies and Materials	25,500	27,000	52,500	24,817	27,683
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Child Study Team	2,519,110	78,795	2,597,905	2,404,645	193,260
Undist. Expend. - Improvement of Inst. Serv.:					
Salaries of Supervisor of Instruction	1,435,085	(521)	1,434,564	1,395,054	39,510
Salaries of Other Professional Staff	97,664	16,234	113,898	113,898	
Salaries of Secretarial and Clerical Assistants	53,128	521	53,649	53,649	
Unused Vacation Payment to Terminated/Retired Staff	-	29,214	29,214	29,214	
Purchased Professional - Educational Services	187,729	(48,559)	139,170	132,162	7,008
Other Purchased Services	53,178	(2,631)	50,547	22,420	28,127
Supplies and Materials	44,782	19,127	63,909	45,347	18,562
Other Objects	4,165	2,634	6,799	5,785	1,014
Total Undist. Expend. - Improvement of Inst. Serv.	1,875,731	16,019	1,891,750	1,797,529	94,221
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	448,253		448,253	439,653	8,600
Purchased Professional Educational Services		46,861	46,861	46,692	169
Supplies and Materials	90,457	(38,807)	51,650	43,887	7,763
Other Objects	2,000	1,200	3,200	3,189	11
Total Undist. Expend. - Edu. Media Serv./Sch. Library	540,710	9,254	549,964	533,421	16,543
Undist. Expend. - Instructional Staff Training Serv.:					
Other Salaries	5,408		5,408	413	4,995
Purchased Professional - Educational Services	171,383	(54,837)	116,546	36,937	79,609
Other Purchased Services (400-500 series)	71,518	22,509	94,027	60,198	33,829
Total Undist. Expend. - Instructional Staff Training Serv.	248,309	(32,328)	215,981	97,548	118,433

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.:					
Salaries	\$ 529,980	\$ 500	\$ 530,480	\$ 530,435	\$ 45
Legal Services	235,127	200,237	435,364	393,739	41,625
Audit Fees	111,200		111,200	55,550	55,650
Other Purchased Professional Services	181,058	32,167	213,225	206,626	6,599
Purchased Technical Services	18,750	6,963	25,713	24,963	750
Communications/Telephone	7,625		7,625	6,012	1,613
Other Purchased Services (400-500 series)	509,309	(63,846)	445,463	444,119	1,344
BOE Membership Dues and Fees	27,365		27,365	26,663	702
General Supplies	40,627	(21,998)	18,629	17,271	1,358
Judgments Against the School District	46,900	28,500	75,400	75,400	
Miscellaneous Expenditures	21,320	(12,004)	9,316	9,226	90
Total Undist. Expend. - Supp. Serv. - General Admin.	1,729,261	170,519	1,899,780	1,790,004	109,776
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,976,606		1,976,606	1,969,528	7,078
Salaries of Secretarial and Clerical Assistants	980,308	35,704	1,016,012	969,145	46,867
Unused Vacation Payment to Terminate/Retired Staff	-	22,425	22,425	17,434	4,991
Purchased Professional and Technical Services	3,950	5,000	8,950	6,329	2,621
Other Purchased Services	6,050	4,360	10,410	5,010	5,400
Supplies and Materials	37,740	(555)	37,185	28,022	9,163
Other Objects	16,900	(622)	16,278	13,255	3,023
Total Undist. Expend. - Support Serv. - School Admin.	3,021,554	66,312	3,087,866	3,008,723	79,143
Undist. Expend. - Central Services:					
Salaries	828,703	6,300	835,003	834,085	918
Purchased Technical Services	10,000	16,440	26,440	26,439	1
Misc. Purchased Services	39,528	(515)	39,013	31,848	7,165
Supplies and Materials	11,000	(4,575)	6,425	5,378	1,047
Interest on Lease Purchase Agreements		5,669	5,669	5,669	
Other Objects	6,403	43,631	50,034	48,990	1,044
Total Undist. Expend. - Central Services	895,634	66,950	962,584	952,409	10,175
Undist. Expend. - Admin. Info. Tech.					
Salaries	849,879	9,286	859,165	859,165	
Purchased Professional Services	411,367	94,037	505,404	477,958	27,446
Other Purchased Services	239,382	33,771	273,153	269,331	3,822
Supplies and materials	218,187		218,187	218,187	
Total Undist. Expend. - Admin. Info. Tech.	1,718,815	137,094	1,855,909	1,824,641	31,268

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maintenance for Sch. Facilities:					
Salaries	\$ 562,919		\$ 562,919	\$ 519,399	\$ 43,520
Cleaning, Repair and Maintenance Services	533,373	\$ 332,360	865,733	726,883	138,850
General Supplies	134,960	25,516	160,476	139,606	20,870
Total Undist. Expend. - Required Maintenance for Sch. Facil.	1,231,252	357,876	1,589,128	1,385,888	203,240
Undist. Expend. - Custodial Services:					
Salaries	2,311,740	63,752	2,375,492	2,374,781	711
Salaries of Non-Instructional Aides	185,000	13,352	198,352	198,352	
Unused Vacation Payment to Terminated/Retired Staff	4,070	20,915	24,985	24,985	
Purchased Professional and Technical Services	20,000	(6,000)	14,000	11,864	2,136
Cleaning, Repair and Maintenance Services	171,540	(21,000)	150,540	133,180	17,360
Rental of Land and Bldg. Other than Lease Purchase Agreement	86,667	(46,637)	40,030	84,912	1,755
Other Purchased Property Services	187,338		140,701	137,336	3,365
Insurance	269,605		269,605	215,966	53,639
General Supplies	237,558	18,032	255,590	238,223	17,367
Energy (Natural Gas)	500,499	(41,032)	459,467	359,950	99,517
Energy (Electricity)	718,575	(12,000)	706,575	620,547	86,028
Energy (Oil)	4,800		4,800	4,595	205
Energy (Gasoline)	6,000		6,000	4,327	1,673
Total Undist. Expend. - Custodial Services	4,703,392	(10,618)	4,692,774	4,409,018	283,756
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	506,503	27,478	533,981	532,613	1,368
Cleaning, Repair, and Maintenance Services	112,000	9,373	121,373	115,492	5,881
General Supplies	74,294	8,750	83,044	80,114	2,930
Total Undist. Expend. - Care and Upkeep of Grounds	692,797	45,601	738,398	728,219	10,179
Undist. Expend. - Security:					
Salaries	232,136	(17,767)	214,369	198,706	15,663
Purchased Professional and Technical Services	3,000		3,000	2,250	750
Cleaning, Repair, and Maintenance Services	4,038	(1,338)	2,700	2,130	570
General Supplies	26,500	9,765	36,265	35,730	535
Total Undist. Expend. - Security	265,674	(9,340)	256,334	238,816	17,518

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation (Bet. Home & Sch) - Reg	\$ 2,095,046		\$ 2,095,046	\$ 2,045,777	\$ 49,269
Salaries for Pupil Transportation (Other than Bet. Home & Sch)	261,391		261,391	225,200	36,191
Other Purchased Professional and Technical Services	30,125	\$ (13,143)	16,982	16,908	74
Cleaning, Repair and Maintenance Services	1,000		1,000		1,000
Contract Services - (Other than Bet. Home & School) - Vendors	150,000		150,000	143,900	6,100
Contract Services - (Bet. Home and School) - Joint Agreements	1,185,802	(10,000)	1,175,802	1,053,783	122,019
Contract Services - (Regular Students) - ESCs & CTSA	148,512		148,512	139,334	9,178
Miscellaneous Purchased Services	63,685	(11,979)	51,706	51,706	
General Supplies	329,248	17,287	346,535	287,615	58,920
Misc. Expenditures	12,474	(1,450)	11,024	2,310	8,714
Total Undist. Expend. - Student Transportation Services	4,277,283	(19,285)	4,257,998	3,966,533	291,465
Unallocated Benefits:					
Social Security Contributions	1,302,151	466	1,302,617	1,149,802	152,815
Other Retirement Contributions - PERS	1,449,849	(89,569)	1,360,280	1,360,280	
Other Retirement Contributions - Regular		173,746	173,746	173,164	582
Unemployment Compensation	218,168	(9,461)	208,707	191,371	17,336
Workmen's Compensation	456,750	(186,935)	269,815	266,716	3,099
Health Benefits	11,666,637	(536,877)	11,129,760	10,476,943	652,817
Tuition Reimbursement	199,000		199,000	88,063	110,937
Other Employee Benefits	854,572	(118,284)	736,288	720,121	16,167
Unused Sick Payment to Terminated/Retired Staff		19,799	19,799	19,799	
Total Unallocated Benefits	16,147,127	(747,115)	15,400,012	14,446,259	953,753
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,509,614	(3,509,614)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,305,116	(5,305,116)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				128,742	(128,742)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				9,650	(9,650)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,669,839	(2,669,839)
Total On-Behalf Contributions				11,622,961	(11,622,961)
Total Personal Services - Employee Benefits	16,147,127	(747,115)	15,400,012	26,069,220	(10,669,208)
Total Undistributed Expenditures	47,616,671	132,529	47,749,200	56,191,514	(8,442,314)
Total Current Expense	85,913,576	(146,492)	85,767,084	92,912,782	(7,145,698)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 13,297	\$ 13,297	\$ 13,297	
Support Services - Inst. Staff	\$ 76,679	97,140	97,140	18,176	\$ 78,964
Required Maint. of Plant Serv.	18,000	(11,765)	76,679	73,087	3,592
Security	312,205	2,720	6,235	2,981	3,254
School Buses - Regular	406,884	101,392	314,925	311,384	3,541
Total Equipment			508,276	418,925	89,351
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	50,000	285,100	335,100	291,145	43,955
Construction Services	4,159,357		4,159,357	4,063,339	96,018
Lease Purchase Agreements-Principal	70,000		70,000	67,000	3,000
Assessment for Debt Service on SDA Funding	64,340		64,340	64,340	
Total Facilities Acquisition and Construction Services	4,343,697	285,100	4,628,797	4,485,824	142,973
Assets Acquired Under Capital Leases (non-budgeted):					
Undistributed Expenditures:					
Admin. Info. Tech.				1,048,800	(1,048,800)
Required Maintenance for School Facilities				410,400	(410,400)
Student Transportation-School Buses				610,800	(610,800)
Assets Acquired Under Capital Leases (non-budgeted)				2,070,000	(2,070,000)
Total Capital Outlay	4,750,581	386,492	5,137,073	6,974,749	(1,837,676)
Transfer of Funds to Charter Schools	160,942		160,942	159,347	1,595
Total Expenditures	90,825,099	240,000	91,065,099	100,046,878	(8,981,779)

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,433,814)	\$ (240,000)	\$ (4,673,814)	\$ (1,556,792)	\$ 3,117,022
Other Financing Sources:					
Capital Leases (non-budgeted)				2,070,000	2,070,000
Total Other Financing Sources				2,070,000	2,070,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(4,433,814)	(240,000)	(4,673,814)	513,208	5,187,022
Fund Balance, July 1	11,284,002		11,284,002	11,284,002	
Fund Balance, June 30	\$ 6,850,188	\$ (240,000)	\$ 6,610,188	\$ 11,797,210	\$ 5,187,022
Recapitulation:					
Restricted:					
Capital Reserve				\$ 6,253,019	
Maintenance Reserve				775,118	
Excess Surplus				1,165,155	
Excess Surplus - Designated for Subsequent Year's Expenditures				833,306	
Assigned:					
Year End Encumbrances				723,104	
Unassigned				2,047,508	
				11,797,210	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,270,461)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,526,749	

RANDOLPH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
State Sources	\$ 122,729	\$ 13,428	\$ 136,157	\$ 123,097	\$ (13,060)
Federal Sources	1,053,199	164,758	1,217,957	1,196,130	(21,827)
Local Sources		72,480	72,480	32,123	(40,357)
Total Revenue	<u>1,175,928</u>	<u>250,666</u>	<u>1,426,594</u>	<u>1,351,350</u>	<u>(75,244)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	198,486	20,121	218,607	212,596	6,011
Purchased Professional/ Technical Services		771	771		771
Other Purchased Services	701,062	59,993	761,055	761,055	
General Supplies	18,971	70,420	89,391	52,193	37,198
Textbooks	7,608	116	7,724	7,724	
Total Instruction	<u>926,127</u>	<u>151,421</u>	<u>1,077,548</u>	<u>1,033,568</u>	<u>43,980</u>
Support Services:					
Salaries of Other Professional Staff		39	39		39
Purchased Professional and Educational Services	108,521	11,837	120,358	100,815	19,543
Purchased Professional and Technical Services	81,763	78,655	160,418	153,416	7,002
Personal Services - Employee Benefits	15,183	33,775	48,958	45,774	3,184
Other Purchased Professional Services	10,236	(7,169)	3,067	3,067	
Supplies and Materials	28,142	(21,622)	6,520	6,315	205
Other Objects	5,956	3,730	9,686	8,395	1,291
Total Support Services	<u>249,801</u>	<u>99,245</u>	<u>349,046</u>	<u>317,782</u>	<u>31,264</u>
Total Expenditures	<u>1,175,928</u>	<u>250,666</u>	<u>1,426,594</u>	<u>1,351,350</u>	<u>75,244</u>
Excess (Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 98,490,086	\$ 1,351,350
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		3,699
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	1,270,440	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,270,461)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 98,490,065	\$ 1,355,049
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 100,046,878	\$ 1,351,350
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		3,699
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 100,046,878	\$ 1,355,049

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	ESEA			IDEA Part B, Basic Regular 2017-18	IDEA Part B, Preschool 2017-18
	Title I 2017-18	Title IIA 2017-18	Title III 2017-18		
REVENUE:					
State Sources	\$ 106,237	\$ 71,111	\$ 23,017	\$ 10,628	\$ 37,462
Federal Sources					
Local Sources					
Total Revenue	106,237	71,111	23,017	10,628	37,462
EXPENDITURES:					
Instruction:					
Salaries of Teachers	82,085		3,903	7,650	118,958
Other Purchased Services					761,055
General Supplies	10,548		9,156	1,600	
Textbooks					
Total Instruction	92,633		13,059	9,250	880,013
Support Services:					
Purchased Professional/Educational Services		71,111			37,462
Purchased Professional/Technical Services	6,279		299	585	29,051
Personal Services - Employee Benefits			3,067		38,611
Other Purchased Professional Services	415		5,900		
Supplies and Materials	6,910		692	793	
Other Objects					
Total Support Services	13,604	71,111	9,958	1,378	67,662
Total Expenditures	\$ 106,237	\$ 71,111	\$ 23,017	\$ 10,628	\$ 37,462

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

	Non-Public				
	Chapter 192 Compensatory Education	Examination/ Classification	Chapter 193 Corrective Speech	Supplemental Instruction	Non-Public Security
REVENUE:					
State Sources	\$ 27,993	\$ 18,575	\$ 19,195	\$ 20,141	\$ 10,575
Federal Sources					
Local Sources					
Total Revenue	<u>27,993</u>	<u>18,575</u>	<u>19,195</u>	<u>20,141</u>	<u>10,575</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction					
Support Services:					
Purchased Professional/Educational Services	27,993	18,575	19,195	20,141	10,575
Purchased Professional/Technical Services					
Personal Services - Employee Benefits					
Other Purchased Professional Services					
Supplies and Materials					
Other Objects					
Total Support Services	<u>27,993</u>	<u>18,575</u>	<u>19,195</u>	<u>20,141</u>	<u>10,575</u>
Total Expenditures	<u>\$ 27,993</u>	<u>\$ 18,575</u>	<u>\$ 19,195</u>	<u>\$ 20,141</u>	<u>\$ 10,575</u>

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

	Non-Public Technology	Non-Public Textbooks	Non-Public Nursing	Various Local Grants	Totals June 30, 2018
REVENUE:					
State Sources	\$ 5,217	\$ 7,724	\$ 13,677		\$ 123,097
Federal Sources				\$ 32,123	1,196,130
Local Sources					32,123
Total Revenue	5,217	7,724	13,677	32,123	1,351,350
EXPENDITURES:					
Instruction:					
Salaries of Teachers					212,596
Other Purchased Services					761,055
General Supplies		7,724		30,889	52,193
Textbooks					7,724
Total Instruction		7,724		30,889	1,033,568
Support Services:					
Purchased Professional/Educational Services			13,677	1,234	100,815
Purchased Professional/Technical Services	5,217				153,416
Personal Services - Employee Benefits					45,774
Other Purchased Professional Services					3,067
Supplies and Materials					6,315
Other Objects					8,395
Total Support Services	5,217		13,677	1,234	317,782
Total Expenditures	\$ 5,217	\$ 7,724	\$ 13,677	\$ 32,123	\$ 1,351,350

CAPITAL PROJECTS FUND

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

Expenditures and Other Financing Uses:	
Construction Services	\$ 54,740
Operating Transfer Out - Debt Service Fund - Unexpended Balances	5,260
	<hr/>
Total expenditures and other financing uses	60,000
	<hr/>
Excess/(deficit) of other financing sources over/(under) expenditures and other financing uses	(60,000)
Fund balance - beginning of year	60,000
	<hr/>
Fund balance - end of year	\$ -0-
	<hr/> <hr/>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS SCHOOL BUILDING IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods (Restated)	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
Bond proceeds	\$ 11,667,000		\$ 11,667,000	\$ 11,667,900
Total revenue and other financing sources	11,667,000		11,667,000	11,667,900
Expenditures:				
Purchased professional and technical services	836,632		836,632	808,691
Construction services	10,770,368	\$ 54,740	10,825,108	10,853,948
Transfer to Debt Service Fund		5,260	5,260	5,261
Total expenditures	11,607,000	60,000	11,667,000	11,667,900
Excess/(deficit) of revenue and other financing sources over/(under) expenditures	\$ 60,000	\$ (60,000)	\$ -0-	\$ -0-

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	2/8/12
Bonds Authorized	\$ 11,667,900
Bonds Issued	11,667,000
Original Authorized Cost	11,667,900
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original target completion date	11/30/2013
Revised target completion date	6/30/2018

PROPRIETARY FUNDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Major Funds		Total
	Community School	Food Service	
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 1,423,255	\$ 83,493	\$ 1,506,748
Accounts receivable:			
State		836	836
Federal		17,389	17,389
Other		3,292	3,292
Inventories		13,059	13,059
Total current assets	1,423,255	118,069	1,541,324
Non-current assets:			
Machinery and Equipment		670,978	670,978
Less: Accumulated depreciation		(478,395)	(478,395)
Total non-current assets		192,583	192,583
Total assets	1,423,255	310,652	1,733,907
<u>LIABILITIES:</u>			
Current liabilities:			
Interfund payable		35,563	35,563
Unearned revenue	362,355	74,214	436,569
Long-term liabilities:			
Compensated absences payable	9,429		9,429
Total Liabilities	371,784	109,777	481,561
<u>NET POSITION:</u>			
Investment in capital assets		192,583	192,583
Unrestricted	1,051,471	8,292	1,059,763
Total net position	\$ 1,051,471	\$ 200,875	\$ 1,252,346

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Funds		Total
	Community School	Food Service	
Operating revenue:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch program		\$ 561,958	\$ 561,958
Daily sales - non-reimbursable programs		453,084	453,084
Community School - regular programs	\$ 1,077,520		1,077,520
Community School - summer programs	292,347		292,347
Total operating revenue	1,369,867	1,015,042	2,384,909
Operating expenses:			
Cost of sales (Reimbursable) Programs		302,471	302,471
Cost of sales (Non-Reimbursable) Programs		244,592	244,592
Salaries	686,385	438,068	1,124,453
Employee benefits	100,445	97,573	198,018
Purchased professional/technical services	89,126	33,897	123,023
Other purchased services	112,591	13,424	126,015
Supplies and materials	59,492		59,492
Miscellaneous	18,286	65,031	83,317
Depreciation		18,073	18,073
Total operating expenses	1,066,325	1,213,129	2,279,454
Operating income/(loss)	303,542	(198,087)	105,455
Non-operating revenue:			
State sources:			
State school lunch program		9,522	9,522
Federal sources:			
National school lunch program		195,122	195,122
National school breakfast program		8,659	8,659
Food distribution program		64,535	64,535
Local sources:			
Interest income	5,756		5,756
Total non-operating revenue	5,756	277,838	283,594
Change in net position	309,298	79,751	389,049
Net position - beginning of year	742,173	121,124	863,297
Net position - end of year	\$ 1,051,471	\$ 200,875	\$ 1,252,346

RANDOLPH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Major Funds		Total
	Community School	Food Service	
Cash flows from operating activities:			
Receipts from customers	\$ 1,412,295	\$ 1,024,726	\$ 2,437,021
Payments to employees	(786,803)	(535,641)	(1,322,444)
Payments to suppliers	(279,495)	(597,365)	(876,860)
Net cash provided by / (used for) operating activities	<u>345,997</u>	<u>(108,280)</u>	<u>237,717</u>
Cash flows from investing activities:			
Interest income	5,756		5,756
Net cash provided by investing activities	<u>5,756</u>		<u>5,756</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(19,522)	(19,522)
Net cash used for capital and related financing activities		<u>(19,522)</u>	<u>(19,522)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements		211,295	211,295
Cash received from General Fund	19,146		19,146
Net cash provided by noncapital financing activities	<u>19,146</u>	<u>211,295</u>	<u>230,441</u>
Net increase in cash and cash equivalents	370,899	83,493	454,392
Cash and cash equivalents, July 1	<u>1,052,356</u>	<u>-0-</u>	<u>1,052,356</u>
Cash and cash equivalents, June 30	<u>\$ 1,423,255</u>	<u>\$ 83,493</u>	<u>\$ 1,506,748</u>
Reconciliation of operating income/(loss) to net cash provided by / (used for) operating activities:			
Operating income/(loss)	\$ 303,542	\$ (198,087)	\$ 105,455
Adjustment to reconcile operating income/(loss) to cash provided by / (used for) operating activities:			
Depreciation		18,073	18,073
Federal food distribution program		64,535	64,535
Changes in assets and liabilities:			
(Increase) in accounts receivable		(899)	(899)
(Increase) in inventory		(2,485)	(2,485)
Increase in unearned revenue	42,428	10,583	53,011
Increase in compensated absences payable	27		27
Net cash provided by / (used for) operating activities	<u>\$ 345,997</u>	<u>\$ (108,280)</u>	<u>\$ 237,717</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$64,722 and utilized \$64,535 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

RANDOLPH TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Agency		Total	Private	Flexible
ASSETS:	Student	Payroll	Agency	Purpose	Spending
Cash and cash equivalents	\$ 324,375	\$ 8,124	\$ 332,499	\$ 45,757	\$ 54,767
Total assets	324,375	8,124	332,499	45,757	54,767
LIABILITIES:					
Payroll deductions and withholdings					
Due to student groups	324,375	8,124	324,375		
Total liabilities	324,375	8,124	332,499		
NET POSITION:					
Held in Trust for:					
Scholarships					
Flexible Spending Claims					
Total net position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 45,757	\$ 54,767
	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 45,757	\$ 54,767

RANDOLPH TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
Additions:		
Contributions:		
Donations	\$ 15,400	
Plan member/Employer		\$ 165,785
	<u>15,400</u>	<u>165,785</u>
Total Contributions		
	<u>15,400</u>	<u>165,785</u>
Investment earnings:		
Interest	212	2
	<u>212</u>	<u>2</u>
Total Additions	<u>15,612</u>	<u>165,787</u>
Deductions:		
Scholarships awarded	13,700	
Flexible Spending Claims		147,044
	<u>13,700</u>	<u>147,044</u>
Total Deductions	<u>13,700</u>	<u>147,044</u>
Change in net position	1,912	18,743
Net position—beginning of the year	<u>43,845</u>	<u>36,024</u>
Net position—end of the year	<u>\$ 45,757</u>	<u>\$ 54,767</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 358,381	\$ 786,327	\$ 820,333	\$ 324,375
Total assets	<u>\$ 358,381</u>	<u>\$ 786,327</u>	<u>\$ 820,333</u>	<u>\$ 324,375</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to student groups	\$ 358,381	\$ 786,327	\$ 820,333	\$ 324,375
Total liabilities	<u>\$ 358,381</u>	<u>\$ 786,327</u>	<u>\$ 820,333</u>	<u>\$ 324,375</u>

RANDOLPH TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary schools:				
Center Grove	\$ 1,700	\$ 24,631	\$ 24,142	\$ 2,189
Fernbrook	15,614	26,918	29,408	13,124
Ironia	9,799	21,236	20,743	10,292
Shongum	11,703	44,244	52,040	3,907
	<u>38,816</u>	<u>117,029</u>	<u>126,333</u>	<u>29,512</u>
Total Elementary schools				
Middle school:				
Randolph Middle School	69,317	158,584	166,743	61,158
	<u>69,317</u>	<u>158,584</u>	<u>166,743</u>	<u>61,158</u>
High school:				
Randolph High School	236,427	398,840	414,722	220,545
	<u>236,427</u>	<u>398,840</u>	<u>414,722</u>	<u>220,545</u>
Athletic Account:				
Athletics	13,821	111,874	112,535	13,160
	<u>13,821</u>	<u>111,874</u>	<u>112,535</u>	<u>13,160</u>
Total All Schools	<u>\$ 358,381</u>	<u>\$ 786,327</u>	<u>\$ 820,333</u>	<u>\$ 324,375</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 14,178	\$ 27,283,658	\$ 27,289,712	\$ 8,124
Total assets	<u>\$ 14,178</u>	<u>\$ 27,283,658</u>	<u>\$ 27,289,712</u>	<u>\$ 8,124</u>
 <u>LIABILITIES:</u>				
Payroll deductions and withholdings	\$ 14,178	\$ 27,283,658	\$ 27,289,712	\$ 8,124
Total liabilities	<u>\$ 14,178</u>	<u>\$ 27,283,658</u>	<u>\$ 27,289,712</u>	<u>\$ 8,124</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Int. Rate	Balance July 1, 2017	Matured	Balance June 30, 2018
			Outstanding		Amount	June 30, 2018				
			Date	Amount						
Various School Building Improvements	02/08/2012	\$ 11,667,000	02/01/2019	\$ 500,000	2.000%	\$ 9,775,000	\$ 475,000	\$ 9,300,000		
			02/01/2020	700,000	2.000%					
			02/01/2021	825,000	2.000%					
			02/01/2022	825,000	2.125%					
			02/01/2023	825,000	2.250%					
			02/01/2024	825,000	2.375%					
			02/01/2025	825,000	2.375%					
			02/01/2026	975,000	2.500%					
			02/01/2027	1,000,000	3.000%					
		02/01/2028	1,000,000	3.000%						
		02/01/2029	1,000,000	4.000%						
Advance Refunding of School Bonds	01/23/2013	10,425,000	02/01/2019	965,000	4.000%	8,635,000	940,000	7,695,000		
			02/01/2020	1,005,000	4.000%					
			02/01/2021	1,045,000	4.000%					
			02/01/2022	1,090,000	5.000%					
			02/01/2023	1,145,000	5.000%					
			02/01/2024	1,210,000	4.000%					
		02/01/2025	1,235,000	4.000%						
Advance Refunding of 2005 School Bonds	05/27/2015	6,230,000	08/01/2018	1,765,000	3.250%	4,315,000	1,750,000	2,565,000		
			08/01/2019	800,000	1.500%					
						<u>\$ 22,725,000</u>	<u>\$ 3,165,000</u>	<u>\$ 19,560,000</u>		

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

Item	Interest Rate	Original Issue	Balance June 30, 2017	Issued	Matured	Balance June 30, 2018
Technology Equipment	4.41%	\$ 453,124	\$ 92,488		\$ 92,488	
Buses	2.10%	163,226	65,947		32,631	\$ 33,316
Buses and Textbooks	1.42%	516,751	310,009		101,880	208,129
Technology	1.24%	862,500	356,223		177,012	179,211
Buses and Technology	1.49%	1,335,000	1,065,346		260,442	804,904
LED Lighting	1.84%	550,000		\$ 550,000	112,439	437,561
Various Equipment Purchases	1.49%	1,520,000		1,520,000	309,870	1,210,130
			\$ 1,890,013	\$ 2,070,000	\$ 1,086,762	\$ 2,873,251

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 3,538,186		\$ 3,538,186	\$ 3,538,186	
State Sources:					
Debt Service Aid Type II	244,503		244,503	244,503	
Total Revenue	<u>3,782,689</u>		<u>3,782,689</u>	<u>3,782,689</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	703,619		703,619	703,619	
Redemption of Principal	3,165,000		3,165,000	3,165,000	
Total Regular Debt Service	<u>3,868,619</u>		<u>3,868,619</u>	<u>3,868,619</u>	
Total Expenditures	<u>3,868,619</u>		<u>3,868,619</u>	<u>3,868,619</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(85,930)		(85,930)	(85,930)	
Other Financing Sources/(Uses):					
Transfer in from Capital Projects Fund				5,260	\$ 5,260
Total Other Financing Sources/(Uses)				<u>5,260</u>	<u>5,260</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(85,930)		(85,930)	(80,670)	5,260
Fund Balance, July 1	85,930		85,930	85,930	
Fund Balance, June 30	<u>-0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,260</u>	<u>\$ 5,260</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities/(Deficit):										
Net Investment in Capital Assets	\$ 9,314,492	\$ 10,958,139	\$ 13,509,486	\$ 4,602,376	\$ 14,806,909	\$ 21,304,920	\$ 24,938,166	\$ 26,813,419	\$ 30,521,849	\$ 34,768,233
Restricted	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673	8,189,973	9,031,858
Unrestricted	(2,610,228)	(2,090,023)	2,195,011	2,144,137	1,193,886	989,899	(25,495,859)	(28,084,241)	(30,707,410)	(32,545,649)
Total Governmental Activities Net Position	\$ 7,726,911	\$ 9,272,779	\$ 15,876,045	\$ 18,316,284	\$ 21,181,669	\$ 24,632,399	\$ 2,534,061	\$ 6,007,851	\$ 8,004,412	\$ 11,254,442
Business-Type Activities/(Deficit):										
Net Investment in Capital Assets	\$ 82,876	\$ 131,075	\$ 256,143	\$ 253,607	\$ 255,800	\$ 218,029	\$ 182,884	\$ 184,434	\$ 191,134	\$ 192,583
Unrestricted	(74,063)	(252,489)	(280,662)	(38,654)	(128,277)	(121,106)	99,173	282,891	672,163	1,059,763
Total Business-Type Activities Net Position	\$ 8,813	\$ (121,414)	\$ (24,519)	\$ 214,953	\$ 127,523	\$ 96,923	\$ 282,057	\$ 467,325	\$ 863,297	\$ 1,252,346
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 9,397,368	\$ 11,089,214	\$ 13,765,629	\$ 4,855,983	\$ 15,062,709	\$ 21,522,949	\$ 25,121,050	\$ 26,997,853	\$ 30,712,983	\$ 34,960,816
Restricted	1,022,647	404,663	171,548	11,569,771	5,180,874	2,337,580	3,091,754	7,278,673	8,189,973	9,031,858
Unrestricted	(2,684,291)	(2,342,512)	1,914,349	2,105,483	1,065,609	868,793	(25,396,686)	(27,801,350)	(30,035,247)	(31,485,886)
Total District Net Position	\$ 7,735,724	\$ 9,151,365	\$ 15,851,526	\$ 18,531,237	\$ 21,309,192	\$ 24,729,322	\$ 2,816,118	\$ 6,475,176	\$ 8,867,709	\$ 12,506,788

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction	\$ 47,774,382	\$ 49,839,296	\$ 46,046,755	\$ 50,683,119	\$ 51,450,418	\$ 50,316,817	\$ 57,734,945	\$ 59,841,609	\$ 67,203,433	\$ 66,930,471
Support Services:										
Tuition	2,611,349	2,558,779	3,323,275	2,936,686	3,351,439	2,956,830	3,098,614	3,203,254	2,753,229	2,313,188
Student and Instruction Related Services	10,133,597	10,743,710	9,416,367	11,755,089	11,609,882	12,944,340	14,107,962	14,981,637	16,425,489	17,078,051
General Administrative Services	2,219,544	2,500,200	2,172,630	2,133,859	2,099,006	2,006,284	2,307,620	2,203,248	2,111,311	2,315,993
School Administrative Services	3,930,306	3,724,553	3,754,154	3,950,690	4,173,926	4,042,276	4,606,622	4,907,706	5,600,331	5,691,607
Plant Operations and Maintenance	6,683,231	7,283,583	7,062,793	7,662,951	7,812,140	8,498,204	8,711,530	9,070,455	10,200,716	10,352,578
Pupil Transportation	4,290,482	4,549,327	4,467,227	4,949,338	5,396,970	5,244,313	5,511,833	6,060,369	6,204,447	5,895,069
Central Services	1,230,464	1,645,451	2,077,475	2,190,233	2,407,754	2,805,224	1,642,192	1,830,671	2,150,154	2,322,964
Administrative Information Technology								1,764,253	2,364,061	2,564,380
Capital Outlay	199,918	75,444	80,615	46,882						2,277,293
Charter Schools	46,907	48,347	30,752	65,270	79,867	77,337	78,078	138,358	159,347	159,347
Interest on Long-Term Debt	1,475,850	1,427,559	1,315,793	1,210,539	1,456,974	933,891	1,073,055	738,379	671,920	583,980
Unallocated Depreciation										61,590
Total Governmental Activities Expenses	80,596,030	84,396,229	79,747,836	87,584,656	89,838,376	89,825,516	100,623,409	104,739,939	115,845,774	118,491,080
Business-Type Activities:										
Food Service	1,483,794	1,444,205	1,537,117	1,521,402	1,435,661	1,262,229	1,114,686	1,129,914	1,151,145	1,213,129
Community School	1,643,096	1,522,775	1,360,603	1,396,969	1,399,385	1,421,136	1,346,504	1,003,106	988,610	1,066,325
Total Business-Type Activities Expense	3,126,890	2,966,980	2,897,720	2,918,371	2,835,046	2,683,365	2,461,190	2,133,020	2,139,755	2,279,454
Total District Expenses	83,722,920	87,363,209	82,645,556	90,503,027	92,673,422	92,508,881	103,084,599	106,872,959	117,985,529	120,770,534
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702	121,699	136,842
Operating Grants and Contributions	19,588,071	22,655,873	18,978,032	21,681,395	13,991,860	12,956,363	22,156,600	26,341,339	33,501,405	35,914,350
Capital Grants and Contributions	404,810	41,091	1,522				273,876	1,492,431		
Total Governmental Activities Program Revenues	20,035,936	22,782,326	19,002,868	21,839,079	14,137,976	13,049,637	22,545,572	27,914,472	33,623,104	36,051,192
Business-Type Activities:										
Charges for Services:										
Food Service	1,143,844	1,048,230	1,038,877	1,061,742	969,860	924,316	883,319	943,710	958,378	1,015,042
Community School	1,580,070	1,519,585	1,438,630	1,484,930	1,311,139	1,398,216	1,543,180	1,137,087	1,311,906	1,369,867
Operating Grants and Contributions	150,737	166,976	140,595	217,911	197,754	243,439	232,571	236,566	261,899	277,838
Total Business-Type Activities Program Revenues	2,874,651	2,734,791	2,618,102	2,764,583	2,478,753	2,565,971	2,659,070	2,317,363	2,532,273	2,662,747
Total District Program Revenues	22,910,587	25,517,117	21,620,970	24,603,662	16,616,729	15,615,608	25,204,642	30,231,835	36,155,377	38,713,939

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue:										
Governmental Activities	\$ (60,560,094)	\$ (61,613,903)	\$ (60,744,968)	\$ (65,745,577)	\$ (75,700,400)	\$ (76,775,879)	\$ (78,077,837)	\$ (76,825,467)	\$ (82,222,670)	\$ (82,439,888)
Business-Type Activities	(232,239)	(232,189)	(279,618)	(153,788)	(356,293)	(117,394)	197,880	184,343	392,518	383,293
Total District-Wide Net Expense	(60,812,333)	(61,846,092)	(61,024,586)	(65,899,365)	(76,056,693)	(76,893,273)	(77,879,957)	(76,641,124)	(81,830,152)	(82,056,595)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	57,091,711	59,375,379	63,239,577	64,504,368	65,794,455	67,110,344	68,452,559	69,821,601	71,218,033	72,642,394
Taxes Levied for Debt Service	3,744,312	3,646,025	3,804,598	3,806,736	3,800,473	3,773,292	3,780,553	3,735,257	3,570,887	3,538,186
Unrestricted Grants and Contributions					9,073,851	9,113,822	9,196,218	9,214,347	9,288,244	9,295,437
Investment Earnings	28,945	13,959	6,599	47,147	25,764	13,699	11,435	13,712	42,613	24,429
Miscellaneous Income	136,773	224,408	297,460	319,424	34,209	289,378	301,757	391,817	128,064	189,472
Transfers	(178,763)	(100,000)		(250,126)	(162,967)	(73,926)				
Other Item - SDA Grants Cancelled									(28,610)	
Total Governmental Activities	60,822,978	63,159,771	67,348,234	68,427,549	78,565,785	80,226,609	81,742,522	83,176,734	84,219,231	85,689,918
Business-Type Activities:										
Investment Earnings	6,256	1,962	617	1,600	816	763	1,452	925	3,454	5,756
Transfers & Other Special Items	178,763	100,000	525,896	391,660	268,047	86,031	(14,198)			
Total Business-Type Activities	185,019	101,962	526,513	393,260	268,863	86,794	(12,746)	925	3,454	5,756
Total District-Wide	61,007,997	63,261,733	67,874,747	68,820,809	78,834,648	80,313,403	81,729,776	83,177,659	84,222,685	85,695,674
Change in Net Position:										
Governmental Activities	262,884	1,545,868	6,603,266	2,681,972	2,865,385	3,450,730	3,664,685	6,351,267	1,996,561	3,250,030
Business-Type Activities	(67,220)	(130,227)	246,895	239,472	(87,430)	(30,600)	185,134	185,268	395,972	389,049
Total District	\$ 195,664	\$ 1,415,641	\$ 6,850,161	\$ 2,921,444	\$ 2,777,955	\$ 3,420,130	\$ 3,849,819	\$ 6,536,535	\$ 2,392,533	\$ 3,639,079

Source: School District Financial Reports

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Restricted/Reserved	\$ 95,194	\$ 230,833		\$ 525,000	\$ 895,000	\$ 1,817,247	\$ 2,307,853	\$ 6,490,635	\$ 8,044,070	\$ 9,026,598
Unreserved/(Deficit)	(270,427)	(165,693)								
Assigned		\$ 2,160,281		2,246,929	2,209,265	1,672,916	1,488,916	911,639	1,201,640	723,104
Unassigned		1,347,082		1,240,715	1,172,632	473,247	537,606	661,787	767,852	777,047
Total General Fund/(Deficit)	\$ (175,233)	\$ 65,140	\$ 3,507,363	\$ 4,012,644	\$ 4,276,897	\$ 3,963,410	\$ 4,334,375	\$ 8,064,061	\$ 10,013,562	\$ 10,526,749
All Other Governmental Funds:										
Restricted/Reserved for:										
Capital Projects Fund	\$ 593,700		\$ 7,148	\$ 11,044,771	\$ 4,280,004	\$ 627,463	\$ 620,315	\$ 620,315	\$ 60,000	
Debt Service Fund			1		5,870	5,870	163,586	167,723	85,930	\$ 5,260
Committed for:										
Capital Projects Fund			164,399	164,399	164,399	633,785	455,099	139,898		
Unreserved, Reported In:										
Capital Projects Fund	227,187	\$ 173,830								
Debt Service Fund	106,566									
Total All Other Governmental Funds	\$ 927,453	\$ 173,830	\$ 171,548	\$ 11,209,170	\$ 4,450,273	\$ 1,267,118	\$ 1,239,000	\$ 927,936	\$ 145,930	\$ 5,260

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$ 60,836,023	\$ 63,021,404	\$ 67,044,175	\$ 68,311,104	\$ 69,594,928	\$ 70,883,636	\$ 72,233,112	\$ 73,556,858	\$ 74,788,920	\$ 76,180,580
Tuition Charges	43,055	85,362	23,314	157,684	146,116	93,274	115,096	80,702	121,699	136,842
Interest Earned on Capital Reserve Funds	29					2,725	3,668	635	2,135	24,429
Miscellaneous	210,102	329,034	409,248	398,551	256,365	385,640	416,128	475,780	236,606	225,294
State Sources	18,713,866	18,829,116	17,496,596	19,477,887	21,839,353	20,631,743	21,935,667	24,648,552	24,131,728	25,830,879
Federal Sources	1,234,602	3,777,181	1,377,769	2,171,528	1,167,365	1,353,154	1,260,253	1,271,505	1,298,939	1,229,779
Total Revenue	81,037,677	86,042,097	86,351,102	90,516,754	93,004,127	93,350,172	95,963,924	100,034,032	100,580,027	103,627,803
Expenditures:										
Instruction:										
Regular Instruction	28,281,416	27,449,984	26,597,621	27,012,498	28,012,692	26,657,433	26,959,447	27,058,070	27,680,631	27,789,726
Special Education Instruction	5,531,215	6,510,113	5,756,026	6,248,423	6,298,927	6,735,639	7,355,460	7,677,704	7,845,729	7,991,633
Other Special Instruction	702,569	698,217	671,541	616,479	608,576	521,113	447,351	471,503	422,353	428,261
Other Instruction	1,631,390	1,586,346	1,541,783	1,547,740	1,347,313	1,436,012	1,581,357	1,578,121	1,715,257	1,654,039
Support Services:										
Tuition	2,529,036	2,496,680	3,231,651	2,855,776	3,267,823	2,874,772	2,985,625	3,087,997	2,649,171	2,223,370
Student and Instruction Related Services	7,683,133	7,721,997	6,997,647	8,480,059	8,878,110	9,436,182	9,315,987	9,501,167	9,527,883	9,807,331
General Administrative Services	1,846,915	2,073,012	1,830,914	1,714,163	1,765,298	1,637,379	1,832,393	1,745,206	1,657,190	1,790,004
School Administrative Services	2,941,527	2,652,850	2,706,734	2,607,238	2,798,957	2,774,016	2,804,146	2,915,406	2,990,649	3,008,723
Plant Operations and Maintenance	5,610,151	5,948,755	5,701,673	6,020,953	6,293,030	6,694,656	6,269,627	6,382,368	6,721,058	6,761,941
Pupil Transportation	3,430,930	3,668,382	3,706,773	3,915,569	4,256,804	4,212,495	4,062,684	4,387,574	4,333,191	3,966,533
Central Services & Administrative IT	936,795	988,146	1,298,687	1,283,635	1,462,388	1,843,607	1,948,440	2,086,379	2,575,718	2,777,050
Unallocated Benefits	15,169,648	18,971,810	17,540,874	21,773,619	21,254,637	21,586,383	22,196,694	22,310,571	23,855,457	26,069,220
Charter Schools	46,907	48,347	30,752	65,270	79,867	77,337	78,078	138,358	160,683	159,347
Debt Service:										
Principal	2,455,000	2,615,000	2,755,000	2,880,000	2,732,000	2,825,000	2,940,000	3,170,000	3,120,000	3,165,000
Interest and Other Charges	1,504,083	1,451,975	1,341,416	1,221,580	1,355,929	1,229,321	1,115,206	828,520	783,769	703,619
Capital Outlay	2,181,767	2,355,743	1,525,576	2,147,723	8,923,453	6,684,667	3,891,808	5,990,717	3,345,183	7,029,489
Total Expenditures	82,482,482	87,237,357	83,234,668	90,390,725	99,335,804	97,226,012	95,784,303	99,329,661	99,383,922	105,325,286
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,444,805)	(1,195,260)	3,116,434	126,029	(6,331,677)	(3,875,840)	179,621	704,371	1,196,105	(1,697,483)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Refunding Bonds Issued					\$ 10,425,000		\$ 6,230,000			
School Bonds Defeased					(11,047,000)		(6,205,000)			
Premium on Refunding Bonds					1,591,671		213,367			
Costs of Refunding Bond Issue					(137,399)		(102,707)			
Deferred Amount on Refunding					(832,272)		(135,660)			
Bond Proceeds				\$ 11,667,000						
Cancellation of SDA grant						\$ 453,124	\$ 163,226	\$ 2,714,251	\$ (28,610)	\$ 2,070,000
Capital Leases (Non-Budgeted)	\$ 1,005,044	\$ 782,010	\$ 323,507		5,870	469,386	2,563,501		88,468	5,260
Transfers In	(178,763)	(177,751)		(250,126)	(168,837)	(543,312)	(2,563,501)		(88,468)	(5,260)
Transfers Out	826,281	682,010	323,507	11,416,874	(162,967)	379,198	163,226	2,714,251	(28,610)	2,070,000
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ (618,524)	\$ (513,250)	\$ 3,439,941	\$ 11,542,903	\$ (6,494,644)	\$ (3,496,642)	\$ 342,847	\$ 3,418,622	\$ 1,167,495	\$ 372,517
Debt Service as a Percentage of Noncapital Expenditure	5.19%	5.03%	5.28%	4.87%	4.74%	4.69%	4.62%	4.48%	4.24%	4.10%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals	Athletic Participation Fees	Miscellaneous	Tuition	Total
2009	\$ 28,945	\$ 73,707		\$ 63,066	\$ 43,055	\$ 208,773
2010	13,959	68,944	\$ 81,700	73,764	85,362	323,729
2011	6,599	61,752	132,050	103,658	23,314	327,373
2012	47,147	56,721	136,192	126,511	157,684	524,255
2013	25,764	28,230		137,508	146,116	337,618
2014	13,874	77,745		211,458	93,274	396,351
2015	11,435	58,479		243,278	115,096	428,288
2016	13,712	60,045		331,772	80,702	486,231
2017	42,613	44,722		83,342	121,699	292,376
2018	58,692	78,814		76,395	136,842	350,743

Source: School District Records

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

Year Ended December 31,	Vacant Land		Residential		Farm		Commercial		Industrial		Apartment		Total Assessed Value		Public Utilities ^a		Net Valuation Taxable		Tax-Exempt Property		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
					Regular	Qualified																		
2008	\$ 34,523,800	\$ 2,409,164,000	\$ 5,292,200	\$ 196,500	\$ 239,003,200	\$ 116,292,300	\$ 101,600,500	\$ 2,906,072,500	\$ 4,230,749	\$ 2,910,303,249	\$ 197,103,100	\$ 2,05	\$ 4,998,429,107											
2009	33,401,100	2,423,455,200	5,298,600	196,500	237,509,600	115,139,900	79,140,500	2,894,141,400	4,285,157	2,896,426,557	197,132,900	2.12	4,948,783,802											
2010	32,851,000	2,430,132,000	5,046,600	176,900	239,564,700	116,094,500	95,858,800	2,919,724,500	5,266,882	2,925,691,382	199,358,800	2.22	4,791,410,430											
2011	35,249,000	2,423,641,500	5,046,600	176,900	238,822,100	116,094,500	95,894,000	2,914,924,500	6,225,463	2,921,150,063	200,090,100	2.32	4,585,087,652											
2012	36,267,600	2,417,902,900	5,072,500	176,900	238,095,600	115,600,100	94,295,000	2,907,410,600	5,143,748	2,912,554,348	201,392,000	2.37	4,433,621,393											
2013	35,168,100	2,415,061,300	5,072,500	177,400	235,543,200	113,465,500	93,539,900	2,898,027,900	4,985,453	2,903,013,353	202,514,300	2.42	4,269,940,784											
2014	31,354,900	2,418,508,300	5,072,500	168,100	233,408,600	113,226,000	93,539,900	2,895,278,300	4,132,679	2,899,410,979	203,726,300	2.47	4,221,259,506											
2015	29,795,600	2,427,224,200	4,719,600	168,100	232,632,500	112,101,700	96,019,900	2,902,661,600	4,128,427	2,906,790,027	203,840,100	2.51	4,343,879,678											
2016	35,642,100	2,430,447,000	3,942,800	158,900	230,059,300	110,779,400	108,212,100	2,919,241,600	4,104,796	2,923,346,396	204,592,900	2.54	4,317,919,193											
2017	* 44,356,600	3,531,145,300	6,182,600	141,400	378,893,900	161,254,400	165,584,900	4,287,559,100	6,034,741	4,293,593,841	458,007,200	1.76	4,350,992,211											

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

^b Tax rates are per \$100

* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Township of Randolph School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Randolph	Morris County	
2008	\$ 1.92	\$ 0.13	\$ 2.05	\$ 0.59	\$ 0.40	\$ 3.04
2009	2.00	0.12	2.12	0.93	0.38	3.43
2010	2.09	0.13	2.22	0.63	0.37	3.22
2011	2.19	0.13	2.32	0.66	0.37	3.35
2012	2.24	0.13	2.37	0.68	0.37	3.42
2013	2.29	0.13	2.42	0.70	0.37	3.49
2014	2.34	0.13	2.47	0.72	0.37	3.56
2015	2.38	0.13	2.51	0.73	0.37	3.62
2016	2.42	0.12	2.54	0.75	0.38	3.66
2017	* 1.68	0.08	1.76	0.51	0.26	2.53

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

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

* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Center Grove Associate	\$ 84,456,900	1.97 %
Pal-Pike	25,000,000	0.58 %
Brightview Randolph, LLC	23,829,200	0.55 %
Randolph Village	21,574,000	0.50 %
Beta Realty	19,538,500	0.46 %
Canfield Mews	17,723,000	0.41 %
Center Grove Village, LLC	17,602,200	0.41 %
Randolph Grocery	15,495,200	0.36 %
Quaker Village LTD	13,107,600	0.31 %
Progressive Properties, Inc	12,462,800	0.29 %
Total	<u>\$ 250,789,400</u>	<u>5.84 %</u>

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Center Grove Associate	\$ 46,880,000	1.61 %
Pal-Pike	23,911,200	0.82 %
Beta Realty	23,784,600	0.82 %
Carco Development	22,445,900	0.77 %
A&P Food Stores	12,289,900	0.42 %
Randolph Village	10,540,000	0.36 %
Canfield Mews	9,942,000	0.34 %
Hamilton Apartments	9,000,000	0.31 %
Heritage USA	8,460,300	0.29 %
Skyhil Corp.	8,408,000	0.29 %
Total	<u>\$ 175,661,900</u>	<u>6.04 %</u>

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied for</u> <u>the Fiscal Year</u>	<u>Collected within the Fiscal Year</u> <u>of the Levy^a</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of</u> <u>Levy</u>	
2009	\$ 60,836,023	\$ 60,836,023	100.00 %	-0-
2010	63,021,404	63,021,404	100.00 %	-0-
2011	67,044,175	67,044,175	100.00 %	-0-
2012	68,311,104	68,311,104	100.00 %	-0-
2013	69,594,928	69,594,928	100.00 %	-0-
2014	70,883,636	70,883,636	100.00 %	-0-
2015	72,233,112	72,233,112	100.00 %	-0-
2016	73,556,858	73,556,858	100.00 %	-0-
2017	74,788,920	74,788,920	100.00 %	-0-
2018	76,180,580	76,180,580	100.00 %	-0-

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2009	\$ 34,692,000	\$ 1,145,135	\$ 35,837,135	2.11 %	\$ 1,429
2010	32,077,000	1,316,317	33,393,317	1.86 %	1,297
2011	29,322,000		29,322,000	1.58 %	1,133
2012	38,109,000		38,109,000	1.99 %	1,471
2013	34,755,000		34,755,000	1.78 %	1,338
2014	31,930,000	358,694	32,288,694	1.50 %	1,244
2015	29,015,000	401,006	29,416,006	1.31 %	1,133
2016	25,845,000	2,557,505	28,402,505	1.23 %	1,100
2017	22,725,000	1,890,013	24,615,013	1.07 %	951
2018	19,560,000	2,873,251	22,433,251	0.97 %	866

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 34,692,000	\$ -0-	\$ 34,692,000	1.19 %	\$ 1,383
2010	32,077,000	-0-	32,077,000	1.11 %	1,245
2011	29,322,000	-0-	29,322,000	1.00 %	1,133
2012	38,109,000	-0-	38,109,000	1.30 %	1,471
2013	34,755,000	-0-	34,755,000	1.19 %	1,338
2014	31,930,000	-0-	31,930,000	1.10 %	1,230
2015	29,015,000	-0-	29,015,000	1.00 %	1,118
2016	25,845,000	-0-	25,845,000	0.89 %	1,001
2017	22,725,000	-0-	22,725,000	0.78 %	878
2018	19,560,000	-0-	19,560,000	0.46 %	755

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

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

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

Source: School District Financial Reports

RANDOLPH TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Randolph	\$ 21,991,324	100.00 %	\$ 21,991,324
County of Morris General Obligation Debt	217,187,521	4.67 %	<u>10,136,328</u>
Subtotal, Overlapping Debt			32,127,652
Township of Randolph School District Direct Debt (b)			<u>19,560,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 51,687,652</u></u>

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

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis
	2017 \$ 4,394,792,025
	2016 4,323,521,327
	2015 4,281,211,799
	\$ 12,999,525,151
Average Equalized Valuation of Taxable Property	\$ 4,333,175,050
Debt Limit (4% of Average Equalization Value)	\$ 173,327,002 ^a
Net Bonded School Debt Issued and Unissued	19,560,900
Legal Debt Margin	\$ 153,766,102

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 172,212,209	\$ 170,711,585	\$ 170,861,710	\$ 172,304,483	\$ 173,327,002
Total Net Debt Applicable to Limit	31,931,537	29,015,900	25,845,000	22,725,000	19,560,900
Legal Debt Margin	\$ 140,280,672	\$ 141,695,685	\$ 145,016,710	\$ 149,579,483	\$ 153,766,102
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.54 %	17.00 %	15.13 %	13.19 %	11.29 %

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 196,038,410	\$ 192,677,793	\$ 185,577,384	\$ 183,634,440	\$ 177,026,307
Total Net Debt Applicable to Limit	34,692,637	32,077,637	29,322,637	38,110,537	34,756,537
Legal Debt Margin	\$ 161,345,773	\$ 160,600,156	\$ 156,254,747	\$ 145,523,903	\$ 142,269,770
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.70 %	16.65 %	15.80 %	20.75 %	19.63 %

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Morris County Per Capita Personal Income ^b</u>	<u>Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	25,087	\$ 67,614	\$ 1,696,232,418	6.60%
2010	25,756	69,811	1,798,052,116	6.90%
2011	25,877	71,730	1,856,157,210	6.50%
2012	25,913	74,057	1,919,039,041	6.80%
2013	25,982	75,054	1,950,053,028	6.10%
2014	25,964	82,810	2,150,078,840	4.60%
2015	25,957	86,582	2,247,408,974	4.00%
2016	25,827	89,065	2,300,281,755	3.80%
2017	25,893	89,065 *	2,306,160,045	3.40%
2018	25,893 **	89,065 *	2,306,160,045 ***	N/A

N/A - Not Available

* - Latest Morris County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest population data available (2017) and latest personal income available (2016) was used for calculation purposes.

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	387	370	341	348	357	360	325	331	360	350
Special education	89	89	98	106	112	117	147	138	117	127
Support Services:										
Student & instruction related services	113	114	104	108	101	101	99	93	90	92
School administrative services	32	30	30	30	32	32	27	26	29	29
General and business administrative services	20	19	21	23	26	26	41	63	62	63
Plant operations and maintenance	56	53	64	58	53	53	52	53	50	51
Pupil transportation	46	47	45	45	46	47	46	48	50	48
Total	743	722	703	718	727	736	737	752	758	760

Source: District Personnel Records

RANDOLPH TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^d	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	5,514	\$ 76,341,632	\$ 13,845	2.93%	539	9.9	10.1	10.9	5,514	5,238	-1.02%	94.99%
2010	5,417	80,814,639	14,919	7.75%	539	9.6	9.8	10.9	5,417	5,162	-1.76%	95.29%
2011	5,294	77,612,676	14,660	-1.73%	504	10.4	10.1	11.1	5,294	5,050	-2.27%	95.39%
2012	5,210	84,141,422	16,150	10.16%	504	10.3	10.2	11.1	5,210	4,979	-1.59%	95.57%
2013	5,038	86,324,422	17,135	6.10%	501	10.5	9.8	9.7	5,038	4,811	-3.30%	95.49%
2014	4,919	86,487,024	17,582	2.61%	477	10.3	9.8	9.7	4,919	4,691	-2.36%	95.36%
2015	4,819	87,837,289	18,227	3.67%	472	13.1	11.8	12.4	4,819	4,607	-2.03%	95.60%
2016	4,797	89,340,424	18,624	2.18%	469	12.5	11.0	12.0	4,797	4,603	-0.46%	95.96%
2017	4,688	92,134,970	19,653	5.53%	456	10.4	11.1	10.1	4,688	4,484	-2.27%	95.65%
2018	4,700	94,427,178	20,091	2.23%	477	11.4	11.1	11.1	4,700	4,501	0.26%	95.77%

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

Note: Enrollment based on annual October district count.

Source: School District records

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

<u>District Buildings</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Center Grove School										
Square Feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	608	608	608	608	608	608	608	608	608	608
Enrollment	560	515	494	502	501	550	479	484	492	496
Fernbrook School										
Square Feet	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569	75,569
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	627	611	641	581	576	570	555	541	520	530
Ironia School										
Square Feet	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764	63,764
Capacity (students)	643	643	643	643	643	643	643	643	643	643
Enrollment	637	629	602	529	496	482	448	448	429	451
Shongum School										
Square Feet	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283	69,283
Capacity (students)	567	567	567	567	567	567	567	567	567	567
Enrollment	634	652	676	655	624	541	510	476	458	467
Middle School										
Square Feet	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243	170,243
Capacity (students)	893	893	893	893	893	893	893	893	893	893
Enrollment	1,297	1,275	1,227	1,263	1,222	1,271	1,230	1,239	1,193	1,138
High School										
Square Feet	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337	276,337
Capacity (students)	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877	1,877
Enrollment	1,765	1,721	1,677	1,635	1,639	1,573	1,620	1,610	1,596	1,618

Number of Schools at June 30, 2018
 Elementary = 4
 Middle School = 1
 High School = 1

Source: School District Facilities Office

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

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

Fiscal Year Ended June 30,	Center Grove	Fernbrook	Ironia	Shongum	Middle	High	Total
	School	School	School	School	School	School	
2009	\$ 79,776	\$ 97,020	\$ 81,373	\$ 86,770	\$ 183,882	\$ 271,162	\$ 799,983
2010	96,560	100,793	85,770	92,893	189,792	287,862	853,670
2011	120,047	103,257	92,620	98,525	217,646	328,719	960,814
2012	172,412	122,322	87,492	97,443	221,727	404,762	1,106,158
2013	128,042	232,294	114,382	133,452	252,899	638,733	1,499,802
2014	236,486	220,917	176,640	193,086	213,299	494,440	1,534,868
2015	154,266	178,357	134,519	156,214	239,693	397,367	1,260,416
2016	207,294	237,654	151,057	156,096	171,991	366,809	1,290,901
2017	248,727	224,208	173,544	163,405	221,317	424,050	1,455,251
2018	250,189	196,996	164,655	149,156	239,352	385,540	1,385,888

Source: School District records.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Multi Peril Package Policy- SAIF		
Property - Blanket Building and Contents	\$ 290,163,626	\$ 2,500
Extra Expense	1,000,000	
Liability - Bodily Injury & Property Damage - Per Occurrence	5,000,000	
Aggregate	5,000,000	
Fire Damage	5,000,000	
Crime - Employee Dishonesty	500,000	
Inland Marine - Misc. Articles Floater Cameras	100,000	
Electronic Data Processing Hardware/Software	211,119	
Comprehensive Automobile Liability - SAIF		
Bodily Injury & Property	5,000,000	
Personal Injury Protection	Statutory	
Excess - Limit of Liability	5,000,000	
Public Official Bonds - Utica		
Business Administrator	420,000	None
Assistant Business Administrator	420,000	None
Student Accident - Maximum Limit - Bollinger	1,000,000	
Environmental Policy - SAIF		
Limit of Liability	1,000,000	10,000
Aggregate	25,000,000	10,000
School Leaders - SAIF		
Limit of Liability	5,000,000	
Retention	10,000	
CAP Excess - Firemans Fund		
Limit of Liability	50,000,000	
Aviation - Drone - QBE		
Limit of Liability	1,000,000	
New Jersey School Insurance Group:		
Workers' Compensation	2,000,000	

Source: School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Randolph Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Randolph Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

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

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

Report on Internal Control Over Compliance

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

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

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

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

January 18, 2019
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Years' Balances	Cancellation of Prior Years' Accounts Payable/ Encumbrances	Balance at June 30, 2018 Budgetary Unearned Revenue	Budgetary Accounts Receivable
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor						
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
	10.555	N/A	7/1/17-6/30/18	\$ 64,722	\$	\$ 64,722	\$ (61,215)				\$ 3,507	
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	60,356	\$ 3,320		(3,320)					
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	195,122		178,419	(195,122)					\$ (16,703)
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	184,480	(14,754)	14,754						
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	8,659		7,973	(8,659)					(686)
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	8,778	(838)	838					3,507	(17,389)
Total Child Nutrition Cluster					(12,272)	266,706	(268,316)				3,507	(17,389)
Total U.S. Department of Agriculture					(12,272)	266,706	(268,316)				3,507	(17,389)
U.S. Department of Health and Human Services:												
General Fund:												
Medicaid Cluster:												
Medical Assistance Program	93.778	N/A	7/1/17-6/30/18	33,649		33,649	(33,649)					
Total General Fund/Medicaid Cluster				33,649		33,649	(33,649)					
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
ESEA:												
Title I	84.010	ESEA-0820-18	7/1/17-6/30/18	115,740		88,719	(106,237)			\$ 165		(17,518)
Title I	84.010	ESEA-0820-17	7/1/16-6/30/17	113,295	(15,510)	15,345				165		(17,518)
Total Title I					(15,510)	104,064	(106,237)					
Title II A	84.367	ESEA-0820-18	7/1/17-6/30/18	71,447		71,111	(71,111)					
Title II A	84.367	ESEA-0820-17	7/1/16-6/30/17	87,149	(11,890)	11,890						
Total Title II A					(11,890)	83,001	(71,111)					
Title III	84.365	ESEA-0820-18	7/1/17-6/30/18	23,017		16,921	(23,017)					(6,096)
Title III	84.365	ESEA-0820-17	7/1/16-6/30/17	22,000	(7,110)	7,110						(6,096)
Total Title III					(7,110)	24,031	(23,017)					(6,096)
Title III Immigrant	84.365	ESEA-0820-18	7/1/17-6/30/18	10,790		1,819	(10,628)					(8,809)
Title III Immigrant	84.365	ESEA-0820-17	7/1/16-6/30/17	9,800	(6,123)	6,123						(8,809)
Total Title III Immigrant					(6,123)	7,942	(10,628)					(8,809)
Special Education Cluster:												
ID.E.A. Part B, Basic Regular	84.027	FT-0820-18	7/1/17-6/30/18	952,919		762,414	(947,675)					(185,261)
ID.E.A. Part B, Basic Regular	84.027	FT-0820-17	7/1/16-6/30/17	963,234	(136,896)	135,975				921		
ID.E.A. Part B, Basic Regular	84.027	FT-0820-16	7/1/15-6/30/16	1,009,376	1,958				\$ 1,958			(11,159)
ID.E.A. Part B, Preschool	84.173	PS-0820-18	7/1/17-6/30/18	44,101		26,303	(37,462)					(196,420)
ID.E.A. Part B, Preschool	84.173	PS-0820-17	7/1/16-6/30/17	44,599	(164)	164				921		(196,420)
Total Special Education Cluster					(135,102)	924,856	(985,137)			1,958		(196,420)
Total Special Revenue Fund					(175,735)	1,143,894	(1,196,130)			1,086		(228,843)
Total U.S. Department of Education					(175,735)	1,143,894	(1,196,130)			1,958		(228,843)
Total Federal Awards					\$ (188,007)	\$ 1,444,249	\$ (1,498,095)		\$ 1,958	\$ 1,086	\$ 3,507	\$ (246,232)
N/A - Not Available/Applicable												

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2018		Memo	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
State Department of Education:												
General Fund:												
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 7,895,104	\$ (782,397)		\$ 7,112,694	\$ (7,895,104)			\$ (782,410)	\$ 7,895,104	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	7,895,104			782,397					7,895,104	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	323,179	(32,027)		291,152	(323,179)			(32,027)	323,179	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	323,179			32,027					323,179	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	3,234,926	(320,578)		2,914,343	(3,234,926)			(320,583)	3,234,926	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	3,234,926			320,578					3,234,926	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	103,893	(10,295)		93,597	(103,893)			(10,296)	103,893	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	103,893			10,295					103,893	
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1,118,636	(110,856)		1,007,778	(1,118,636)			(110,858)	1,118,636	
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,118,636			110,856					1,118,636	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	47,185	(4,676)		42,509	(47,185)			(4,676)	47,185	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	47,185			4,676					47,185	
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	47,260	(4,683)		42,577	(47,260)			(4,683)	47,260	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	47,260			4,683					47,260	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	2,541	(252)		2,289	(2,541)			(252)	2,541	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	2,541			2,289					2,541	
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	958,899	(1,028,454)		1,028,454	(958,899)			(958,899)	958,899	
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	958,899			1,028,454					1,028,454	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	61,531	(61,531)			(61,531)			(61,531)	61,531	
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	61,531								61,531	
Other State Aid - Non Public Transportation	18-495-034-5120-014	7/1/17-6/30/18	38,565	(2,337,459)		13,886,907	(13,840,339)			(2,290,891)	27,727,267	
Other State Aid - Non Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	38,565			2,669,839	(2,669,839)				2,669,839	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,726,503	(133,424)		133,424	(3,509,614)				2,726,503	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,726,503			3,509,614					3,509,614	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	5,305,116			5,305,116	(5,305,116)				5,305,116	
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	7/1/16-6/30/17	5,305,116			128,742					5,305,116	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	9,650			9,650	(9,650)				9,650	
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	9,650								9,650	
Subtotal - General Fund				(2,470,883)		25,643,292	(25,463,300)			(1,020,430)	42,076,731	
Special Revenue Fund:												
NJ Nonpublic Aid	18-100-034-5120-064	7/1/17-6/30/18	7,724			7,724	(7,724)				7,724	
Textbook Aid	18-100-034-5120-373	7/1/17-6/30/18	5,217			5,217	(5,217)				5,217	
Technology Initiative Aid	18-100-034-5120-067	7/1/17-6/30/18	1,807			1,807			\$ 1,807		1,827	
Auxiliary Services:												
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	2,650			28,790	(27,993)				27,993	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,650								27,993	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	29,383								29,383	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	29,383								29,383	
Handicapped Services:												
Examination & Classification	18-100-034-5120-066	7/1/17-6/30/18	21,121			21,121	(18,575)				18,575	
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	29,537								28,454	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	19,641			19,641	(19,195)				19,195	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	19,641								18,112	
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	21,410			21,410	(20,141)				20,141	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	22,756			13,677	(13,677)				19,461	
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	10,575			10,575	(10,575)				10,575	
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	10,575								13,677	
Subtotal - Special Revenue Fund				(2,470,883)		129,962	(123,097)			6,865	218,542	

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2017		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2018		Memo	Cumulative Total Expenditures
				Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP Accounts Receivable	Due to Grantor		
Debt Service Fund:													
Debt Service Aid II	18-495-034-5120-075	7/1/17-6/30/18	\$ 244,503		\$ 244,503		\$ 244,503	\$ (244,503)					\$ 244,503
Subtotal - Debt Service Fund					244,503			(244,503)					244,503
Enterprise Fund:													
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	9,522		8,686		8,686	(9,522)					9,522
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	7,973	\$ (625)	625		625			\$ (836)			7,973
Subtotal - Enterprise Fund				(625)	9,311		9,311	(9,522)		(836)			17,495
Total State Awards Subject to Single Audit Determination				\$ (2,471,508)	\$ 26,027,068	\$ 8,495	\$ 26,027,068	\$ (25,840,422)	\$ 8,495	\$ (1,021,266)	\$ 6,865	\$ (2,291,727)	\$ 42,557,271
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	(3,509,614)					3,509,614					
Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(5,305,116)					5,305,116					
Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(128,742)					128,742					
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(9,650)					9,650					
Subtotal - On-Behalf TPAF Pension System Contributions								8,953,122.00					
Total State Awards Subject to Single Audit Major Program Determination								\$ (16,887,300)					

N/A - Not Available/Applicable

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Randolph Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$21) for the general fund and \$3,699 for the special revenue fund (of which \$3,699 applies to encumbrances of local grants). See Note 1 D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

RANDOLPH TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 33,649	\$ 25,463,279	\$25,496,928
Special Revenue Fund	1,196,130	123,097	1,319,227
Debt Service Fund		244,503	244,503
Food Service Fund	268,316	9,522	277,838
Total Financial Assistance	<u>\$ 1,498,095</u>	<u>\$25,840,401</u>	<u>\$27,338,496</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

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

Summary of Auditors' Results:

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

<u>State:</u>	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	\$ 958,899	\$ 958,899
Debt Service Aid III	18-495-034-5120-044	7/1/17-6/30/18	244,503	244,503
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,669,839	2,669,839
<u>Federal:</u>				
Special Education Cluster:				
IDEA Part B, Basic Regular	84.027	7/1/17-6/30/18	952,919	947,675
IDEA Part B Preschool	84.173	7/1/17-6/30/18	44,101	37,462

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Summary of Auditors' Results (Cont'd)

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

RANDOLPH TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior year findings.