

**READINGTON TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**Prepared by
Readington Township
Department of Administration**

**READINGTON TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Barbara Sargent, Ed.D., *Superintendent*

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Steffi-Jo DeCasas, *Business Administrator/Board Secretary*

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P.O. Box 807 • 52 Readington Road • Whitehouse Station, NJ 08889 • (908)-534-2195 • (908) 534-9551 fax

November 3, 2016

Honorable President and
Members of the Board of Education
Readington Township Public Schools
P.O. Box 807
Whitehouse Station, New Jersey 08889

Dear Board Members:

The comprehensive annual financial report of the Readington Township Public School District for the fiscal year ended June 30, 2016 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. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Readington Township Public School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Readington Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment in-district of 1695 students, which is 3.2% students below the previous year's enrollment. The following chart details the changes in the student enrollment of the District. These figures do not include those students sent out of District for special education placements.

Year	Enrollment in District	% Change
2002-2003	2,193	1.7%
2003-2004	2235	1.9%
2004-2005	2269	1.5%
2005-2006	2254	-0.7%
2006-2007	2241	0.6%
2007-2008	2191	-2.2%
2008-2009	2164	-1.2%
2009-2010	2105	-2.7%
2010-2011	2040	-3.1%
2011-2012	1963	-3.8%
2012-2013	1867	-4.9%
2013-2014	1778	-4.8%
2014-2015	1752	-1.5%
2015-2016	1695	-3.2%

2. ECONOMIC CONDITION AND OUTLOOK:

The District has seen decreasing enrollments in prior years which may have been accelerated with the decline in the housing market and overall state of the economy. The District is still experiencing declining enrollments as confirmed by the latest demographic projections completed in 2015.

The District's enrollment projections were developed by an independent demographer. All schools currently have sufficient capacity to house the District's students.

3. MAJOR INITIATIVES:

The attainment of proficiency in state standards continues to be a primary focus of the District. The student population of the District continues to perform at levels above the state average.

The District's experience with PARCC was quite good. Technology functioned effectively and our participation rate for testing continued to be strong. The Board of Education will be presented with assessment data next month, and this allows us to analyze student performance and establish new goals for this year.

The 2016-17 District Goals are based on core content standards and strategic plan initiatives. Through each school's common planning time, teachers will work together in reviewing student data and developing action plans. Throughout the year during faculty meetings and curriculum half-day sessions, the building goals are supported by the curriculum department, building-level teacher teams, and administrators. Each building focused training on improving writing instruction, instruction in reading comprehension, inquiry-based science instruction, and instruction in mathematics. District professional development focused on the implementation of differentiated instruction across the content areas. This included the use of data to inform instruction, the integration of technology, and infusion of 21st century skills. Training took place throughout the entire school year at district-wide staff development sessions and at building faculty meetings.

Facilities improvements during the 2016-17 school years included the renovations of science class rooms in the middle School, expansion of wireless access points in all District schools and the installation of security cameras at all four school buildings.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). The internal control structure 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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, and also to determine that the District has complied with applicable laws and regulations.

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. Annual appropriated budgets are adopted for the general fund, 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2016, \$6,845,000 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, with an additional partial refunding of \$5,415,000 in November, 2010. As of June 30, 2016, \$12,460,000 remained in principal to be paid, with the final payment to be made on July 15, 2026.

In 2016 the District passed a \$1,780,000 bond referendum approving the use of Capital Reserve to fund notes for paving at Holland Brook and Readington Middle school and step replacements at the Three Bridges and Readington Middle schools. As of June 30, 2016 \$990,000 remained in principal to be paid on the first issue, with the final payment to me made on July 15, 2017. The issuance of the second series is scheduled for July 2016.

9. 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 1. 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.

The District utilizes Investors Bank as its main depository for District funds. The Business Administrator utilizes the investment vehicles available through Investors Bank. This program meets the G.U.D.P.A. requirements. Most of the District's funds are invested in interest bearing accounts, allowing the District to maximize interest and maintain the liquidity needed to meet its obligations.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds through its membership in the School Alliance Insurance Fund.

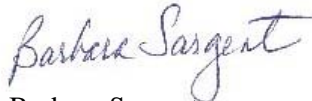
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki & Company, CPA's, PC were 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 (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

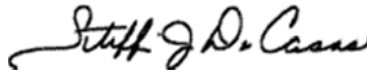
12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Readington 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 our financial and accounting staff.

Respectfully submitted,

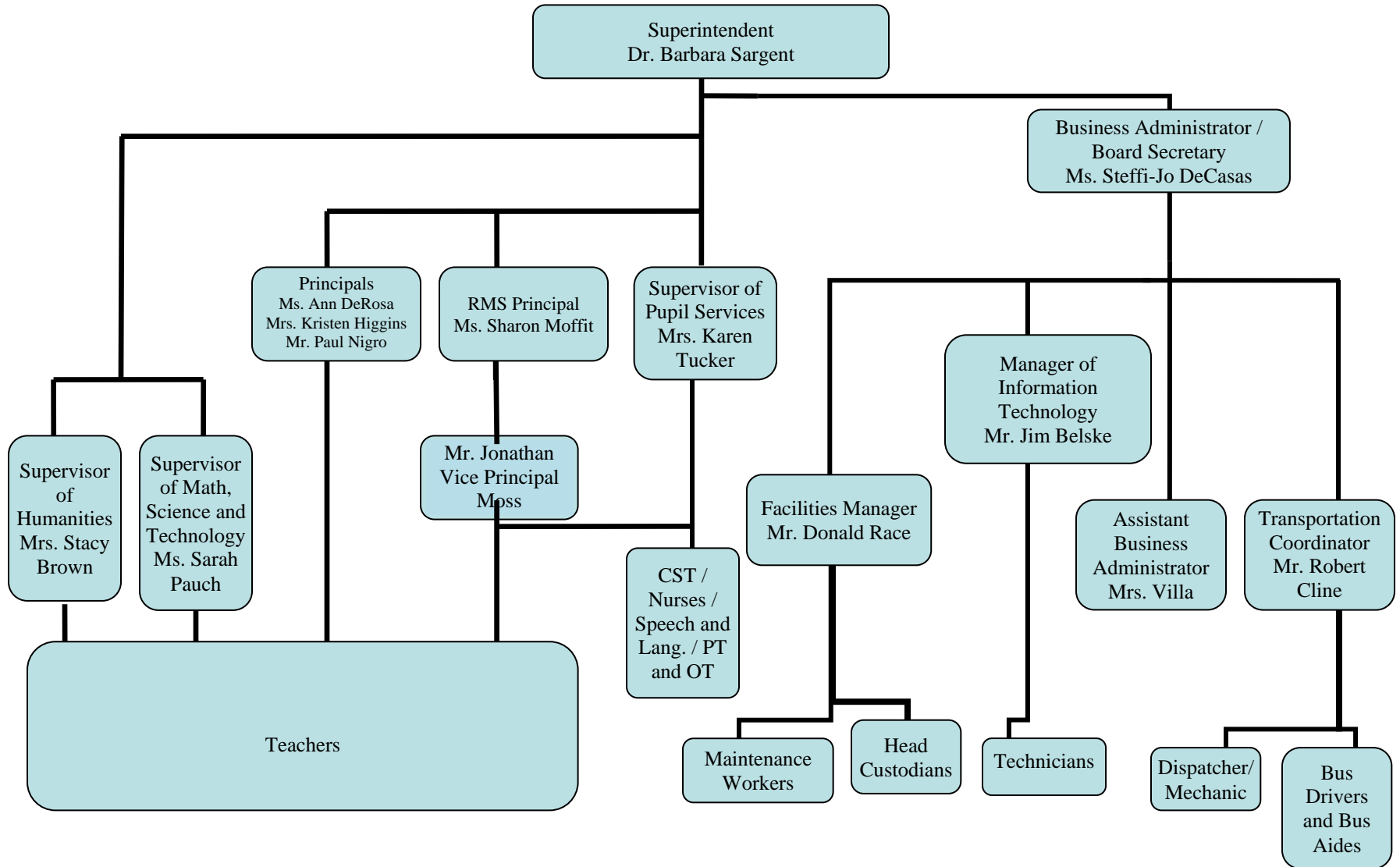


Barbara Sargent
Superintendent of Schools



Steffi-Jo De Casas
School Business Administrator/Board Secretary

Readington Township Public Schools
Organizational Chart 2015-2016



**READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

MEMBERS OF THE BOARD OF EDUCATION

		TERM EXPIRES
Cheryl Filler	President	2017
Laura Simon	Vice President	2017
Christopher Allen		2018
Wayne Doran		2018
William Goodwin		2017
Ray Egbert		2018
Anna Shinn		2019
Melissa Szanto		2019
Eric Zwerling		2019

OTHER OFFICIALS

Dr. Barbara Sargent	Superintendent of Schools
Steff-Jo DeCasas	Board Secretary/Business Administrator

**READINGTON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Bedard, Kurowicki & Co., CPA's, PC
114 Broad Street
Flemington, NJ 08822

SOLICITOR

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, New Jersey 07410

OFFICIAL DEPOSITORY

Investors Bank
3563 US Highway 22 North
Whitehouse Station, NJ 08899

ARCHITECT

SSP Architectural Group
148 West End Avenue
Somerville, NJ 08876



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, 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 Readington Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2016, 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 do 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 and 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Readington Township School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension Contributions, as listed in the Table of Contents 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 introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.


In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 November 3, 2016 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.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 3, 2016
Flemington, New Jersey

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The Readington Township School District's (the "District") management's discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2016, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position increased \$1,024,116 which represents a 5.39 percent increase from fiscal year 2015.
- General revenues accounted for \$39,419,113, in revenue or 96.80 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,304,216 or 3.20 percent to total revenues of \$40,723,329.
- Total assets of governmental activities decreased by \$490,100 as cash and cash equivalents increased by \$1,360,913, receivables decreased by \$287,113 and capital assets decreased by \$583,700.
- The School District had \$39,725,248 in expenses; only \$1,304,216 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$39,419,113 were adequate to provide for these programs.
- Among major funds, the General fund had \$31,969,711 in revenues and \$31,183,674 in expenditures. After accounting for other financing sources of \$394,007, the General fund's balance increased \$1,180,044 from fiscal year 2015. This increase was anticipated by the District and was the result of effective cost-cutting measures implemented by the District.

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Readington Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Readington Township School District, the General fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major Governmental funds are the General fund, Special Revenue fund, Capital Project fund and Debt Service fund.

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2016 with comparison to June 30, 2015.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Table 1
Net Position

	6/30/16	6/30/15	Variance	
			Dollars	%
ASSETS				
Current & other assets	\$ 9,111,938	\$ 8,024,249	\$ 1,087,689	13.56
Capital assets	41,269,686	41,858,397	(588,711)	(1.41)
Total assets	<u>50,381,624</u>	<u>49,882,646</u>	<u>498,978</u>	1.00
Deferred pension expenses	2,348,851	850,144	1,498,707	176.29
Deferred amount on refunding	20,620	22,682	(2,062)	(9.09)
Total deferred outflow of resources	<u>2,369,471</u>	<u>872,826</u>	<u>1,496,645</u>	171.47
LIABILITIES				
Long-term liabilities	32,021,654	30,246,629	1,775,025	5.87
Other liabilities	537,118	1,003,155	(466,037)	(46.46)
Total liabilities	<u>32,558,772</u>	<u>31,249,784</u>	<u>1,308,988</u>	4.19
Deferred pension adjustments	173,300	510,781	(337,481)	(66.07)
Total deferred inflow of resources	<u>173,300</u>	<u>510,781</u>	<u>(337,481)</u>	(66.07)
NET POSITION				
Net investment in capital assets	21,900,793	21,183,397	717,396	3.39
Restricted	5,308,140	4,899,507	408,633	8.34
Unrestricted	(7,189,910)	(7,087,997)	(101,913)	1.44
Total net position	<u>\$ 20,019,023</u>	<u>\$ 18,994,907</u>	<u>\$ 1,024,116</u>	5.39

Total assets increased by \$498,978. Cash and cash equivalents increased by \$1,408,211, receivables decreased by \$323,044, capital assets decreased by \$588,711, and other assets increased by \$2,522. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$101,913. This decrease was anticipated by the Board of Education and was the result of the utilization of funds in the legal reserves to finance the local share of capital projects.

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

Table 2
Changes in Net Position

	6/30/16	6/30/15	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 686,943	\$ 761,671	\$ (74,728)	(9.81)
Operating grants	552,584	678,061	(125,477)	(18.51)
Capital grants	64,689	477,251	(412,562)	(86.45)
General revenues				
Property taxes	28,680,635	28,680,635	-	0.00
Unrestricted grants	10,549,409	8,644,779	1,904,630	22.03
Other	189,069	141,486	47,583	33.63
Total revenues	40,723,329	39,383,883	1,339,446	3.40
Program expenses				
Instruction				
Regular	15,532,061	14,792,796	739,265	5.00
Special	5,797,724	5,374,421	423,303	7.88
Other	1,836,166	1,735,837	100,329	5.78
Support services				
Tuition	583,148	787,923	(204,775)	(25.99)
Student & instructional staff	6,695,902	6,189,717	506,185	8.18
General & business administration	1,792,644	1,621,382	171,262	10.56
School administration	2,101,185	1,964,952	136,233	6.93
Maintenance	2,505,463	2,413,523	91,940	3.81
Transportation	1,571,941	1,714,418	(142,477)	(8.31)
Food service	488,618	567,851	(79,233)	(13.95)
Summer programs	17,509	20,901	(3,392)	(16.23)
Interest on long-term debt	802,887	842,475	(39,588)	(4.70)
Total expenses	39,725,248	38,026,196	1,699,052	4.47
Increases (decreases) before				
Special items	988,081	1,357,687	(359,606)	(26.49)
Special items				
Gain (loss) on disposal of assets	26,035	-	26,035	*
Total special items	26,035	-	26,035	
Increase (decrease) in net position	\$ 1,024,116	\$ 1,357,687	\$ (333,571)	(24.57)

* = Undefined

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Governmental Activities

The Readington Township Board of Education resolved on December 11, 2012, to move to a November annual election, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 71.39 percent of revenues for governmental activities for the Readington Township School District for fiscal year 2016.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 59.1 percent of District expenses. Support services expenses make up 38.9 percent of the expenses, and interest expense comprises 2.0 percent of the expenses.

The Statement of Activities shows the cost of the program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 23,165,951	\$ 21,903,054	\$ 22,983,063	\$ 21,294,793
Support services				
Tuition	583,148	787,923	275,801	435,836
Student & instructional staff	6,695,902	6,189,717	6,619,988	6,045,157
General & business				
administration	1,792,644	1,621,382	1,668,602	1,476,890
School administration	2,101,185	1,964,952	2,097,000	1,935,033
Plant operations & maintenance	2,505,463	2,413,523	2,453,277	2,359,332
Pupil transportation	1,571,941	1,714,418	1,560,060	1,682,624
Interest on long-term debt	802,887	842,475	802,887	842,475
Total expenses	<u>\$ 39,219,121</u>	<u>\$ 37,437,444</u>	<u>\$ 38,460,678</u>	<u>\$ 36,072,140</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Pupil and instructional staff costs include the activities involved with assisting staff with content and the process of teaching to students. General administration, school administration and business include expenses associated with administrative and financial supervision of the District. Operation and maintenance of facility activities involve keeping the school grounds, buildings and equipment in an effective working condition. Pupil transportation includes activities involved with the conveyance of students, to and from school as well as to and from school activities, as

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prescribed by state law. Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

School District's major funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$34,519,583 and expenditures of \$34,064,376 and other financing sources of \$1,036,400. The net positive change in fund balance for the year was most significant in the General fund, an increase of \$1,180,044. This can be attributed in large part to effective cost-cutting measures initiated by the District.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of the fiscal year 2016, the School District amended its General fund budget as needed. The School District uses program based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management. For the General fund, budgeted revenues were \$28,492,349, which was \$131,081 above original budgeted estimates of \$28,361,268. This difference was due primarily to realized tuition and state aid in excess of original budgets. The General fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$1,179,843.

Capital Assets

At the end of fiscal year 2016, the District had \$41,269,686 invested in land, buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2016 with comparisons to June 30, 2015.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 412,362	\$ 412,362	\$ -	0.00
Construction in progress	339,544	19,783	319,761	1616.34
Land improvements	526,185	594,224	(68,039)	(11.45)
Buildings & improvements	38,995,615	39,862,420	(866,805)	(2.17)
Machinery & equipment	566,360	644,429	(78,069)	(12.11)
Vehicles	429,620	325,179	104,441	32.12
Total	\$ 41,269,686	\$ 41,858,397	\$ (588,711)	(1.41)

* = Undefined

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Capital additions were less than depreciation expense and asset disposals in the current fiscal year by \$588,711. Additions to capital assets resulted primarily from the construction of science classroom renovations at Readington Middle School and district-wide upgrades to the wireless network system. The District also purchased 12 whiteboards and one new 54-passenger bus.

At June 30, 2016, the School District had \$32,021,654 in long-term liabilities. At June 30, 2016, the School District's overall legal debt limit was \$92,221,774 and the legal borrowing margin was \$71,926,774.

Table 5 provides a summary of the District's outstanding long-term liabilities at June 30, 2016 with comparisons to June 30, 2015.

Table 5
Long-Term Liabilities at Year-end

	6/30/16	6/30/15	Variance	
			Dollars	%
2006 General Obligation refunding bonds	\$ 9,555,000	\$ 9,590,000	\$ (35,000)	(0.36)
2010 General obligation refunding bonds	2,905,000	3,725,000	(820,000)	(22.01)
2013 General obligation refunding bonds	6,845,000	7,360,000	(515,000)	(7.00)
2016 General obligation bonds	990,000	-	990,000	*
Net Pension liability	10,778,661	8,570,934	2,207,727	25.76
Unamortized bond premium	388,317	463,905	(75,588)	(16.29)
Compensated absences	559,676	536,790	22,886	4.26
	<u>\$ 32,021,654</u>	<u>\$ 30,246,629</u>	<u>\$ 1,775,025</u>	5.87

* = Undefined

Economic Factors and Next Year's Budgets and Rates

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed include reductions in staffing levels to reflect declining enrollments, expansion of shared services, employing transportation and sustainability practices in all aspects of school operations. The district is concluding its Five Year Strategic Plan developed in 2013-14 and will be formulating its budget to implement action plans developed as a result of a new Strategic Plan to be developed in 2016-17.

The Board of Education developed a budget that was under the state mandated 2% tax levy cap yet still included continued enhancement of literacy instruction and facilities improvements throughout the District. The District continues to diligently pursue and maintain the fine balance between retaining quality teachers in a competitive teaching market, addressing the needs of students in a 21st Century School and meeting changes to the states core curriculum standards. The District achieved this while facing continued declining enrollment and compliance with state and federal educational requirements

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along with increasing mandates and regulations promulgated by the State Legislature and State Department of Education.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Readington Township Board of Education, P.O. Box 807, 52 Readington Road, Whitehouse Station, New Jersey 08889.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,378,412	\$ 163,751	\$ 2,542,163
Internal balances	5,713	(5,713)	-
Receivables, net	891,632	5,713	897,345
Inventory	-	7,960	7,960
Restricted assets			
Cash & cash equivalents	5,664,470	-	5,664,470
Capital assets, net (Note 4)			
Land and construction in progress	751,906	-	751,906
Other capital assets, net of depreciation	40,487,812	29,968	40,517,780
Total assets	50,179,945	201,679	50,381,624
Deferred outflows of resources			
Deferred amount on pension activity	2,348,851	-	2,348,851
Deferred amount on refunding bond issue	20,620	-	20,620
Total deferred outflows of resources	2,369,471	-	2,369,471
Liabilities			
Accounts payable	125,933	1,280	127,213
Accrued interest	342,794	-	342,794
Unearned revenue	27,629	39,482	67,111
Long-term liabilities (Note 5)			
Due within one year	1,517,883	-	1,517,883
Due beyond one year	30,503,771	-	30,503,771
Total liabilities	32,518,010	40,762	32,558,772
Deferred inflows of resources			
Deferred amount on pension liability	173,300	-	173,300
Net position			
Net investment in capital assets	21,870,825	29,968	21,900,793
Restricted for			
Capital projects	665,832	-	665,832
Legal reserve	4,642,308	-	4,642,308
Unrestricted	(7,320,859)	130,949	(7,189,910)
Total net position	\$ 19,858,106	\$ 160,917	\$ 20,019,023

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 8,466,330	\$ 7,065,731	\$ 51,592	\$ 28,720	\$ 29,069	\$ (15,422,680)	\$ -	\$ (15,422,680)
Special education	3,203,344	2,594,380	16,841	16,846	11,029	(5,753,008)	-	(5,753,008)
Other special instruction	752,202	658,422	-	25,238	2,591	(1,382,795)	-	(1,382,795)
Other instruction	281,225	144,317	-	-	962	(424,580)	-	(424,580)
Support services								
Tuition	583,148	-	-	307,347	-	(275,801)	-	(275,801)
Students & instruction related services	3,800,740	2,895,162	-	62,827	13,087	(6,619,988)	-	(6,619,988)
General & business administration services	1,213,855	578,789	120,276	-	3,766	(1,668,602)	-	(1,668,602)
School administration services	1,214,801	886,384	-	-	4,185	(2,097,000)	-	(2,097,000)
Plant operations & maintenance	2,214,325	291,138	52,186	-	-	(2,453,277)	-	(2,453,277)
Pupil transportation	1,243,850	328,091	11,881	-	-	(1,560,060)	-	(1,560,060)
Interest on long-term debt	802,887	-	-	-	-	(802,887)	-	(802,887)
Total governmental activities	<u>23,776,707</u>	<u>15,442,414</u>	<u>252,776</u>	<u>440,978</u>	<u>64,689</u>	<u>(38,460,678)</u>	<u>-</u>	<u>(38,460,678)</u>
Business-type activities								
Food service	488,618	-	411,684	111,606	-	-	34,672	34,672
Summer programs	17,509	-	22,483	-	-	-	4,974	4,974
Total business-type activities	<u>506,127</u>	<u>-</u>	<u>434,167</u>	<u>111,606</u>	<u>-</u>	<u>-</u>	<u>39,646</u>	<u>39,646</u>
Total primary government	<u>\$ 24,282,834</u>	<u>\$ 15,442,414</u>	<u>\$ 686,943</u>	<u>\$ 552,584</u>	<u>\$ 64,689</u>	<u>(38,460,678)</u>	<u>39,646</u>	<u>(38,421,032)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						26,643,599	-	26,643,599
Property taxes levied for debt service						2,037,036	-	2,037,036
Federal & State aid not restricted						10,549,409	-	10,549,409
Investment earnings						33,091	513	33,604
Miscellaneous income						155,465	-	155,465
Special item-gain on disposition of assets						26,035	-	26,035
Total general revenues & special items						<u>39,444,635</u>	<u>513</u>	<u>39,445,148</u>
Change in net position						983,957	40,159	1,024,116
Net position - beginning						18,874,149	120,758	18,994,907
Net position - ending						<u>\$ 19,858,106</u>	<u>\$ 160,917</u>	<u>\$ 20,019,023</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

READINGTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 2,378,412	\$ -	\$ -	\$ -	\$ 2,378,412
Due from other funds	15,995	-	-	-	15,995
Receivables from other governments					
State	258,798	-	569,838	-	828,636
Federal		39,329	-	-	39,329
Local	10,023	-	-	-	10,023
Other accounts receivable	7,144	6,500	-	-	13,644
Restricted cash & equivalents	4,642,369	-	1,022,101	-	5,664,470
Total assets	\$ 7,312,741	\$ 45,829	\$ 1,591,939	\$ -	\$ 8,950,509
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 111,861	\$ 14,072	\$ -	\$ -	\$ 125,933
Due to other funds	-	10,282	-	-	10,282
Unearned revenue	6,154	21,475	-	-	27,629
Total liabilities	118,015	45,829	-	-	163,844

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess Surplus	\$ 847,265	\$ -	\$ -	\$ -	\$ 847,265
Excess Surplus - designated for subsequent year's expenditures	849,104	-	-	-	849,104
Capital Projects	-	-	1,591,939	-	1,591,939
Committed fund balance					
Capital reserve account	4,067,390	-	-	-	4,067,390
Maintenance reserve account	367,179	-	-	-	367,179
Emergency reserve account	207,739	-	-	-	207,739
Assigned fund balance					
Year-end encumbrances	250,268	-	-	-	250,268
Unassigned fund balance	605,781	-	-	-	605,781
Total fund balances	<u>7,194,726</u>	<u>-</u>	<u>1,591,939</u>	<u>-</u>	<u>8,786,665</u>
Total liabilities and fund balances	<u>\$ 7,312,741</u>	<u>\$ 45,829</u>	<u>\$ 1,591,939</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$62,551,494 and the accumulated depreciation is \$21,311,776.	41,239,718
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	2,175,551
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds	(32,021,654)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The original deferred outflow is \$26,806 and the accumulated amortization is \$6,186	20,620
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	<u>(342,794)</u>
Total net position of governmental activities	<u>\$ 19,858,106</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 26,643,599	\$ -	\$ -	\$ 2,037,036	\$ 28,680,635
Tuition - Individuals	68,433	-	-	-	68,433
Transportation fees	5,300	-	-	-	5,300
Interest earned on legal reserve funds	10,631	-	-	-	10,631
Interest on investments	22,460	-	-	-	22,460
Local contributions	-	10,810	-	-	10,810
Miscellaneous	124,462	-	-	-	124,462
Total	26,874,885	10,810	-	2,037,036	28,922,731
State sources	5,094,826	-	64,689	7,169	5,166,684
Federal sources	-	430,168	-	-	430,168
Total revenues	31,969,711	440,978	64,689	2,044,205	34,519,583
Expenditures					
Current					
Instructional					
Regular instruction	8,409,875	28,720	-	-	8,438,595
Special education instruction	3,184,856	16,846	-	-	3,201,702
Other special instruction	731,952	20,250	-	-	752,202
Other instruction	279,355	-	-	-	279,355
Support service & undistributed costs					
Tuition	275,801	307,347	-	-	583,148
Student & instruction related services	3,736,526	62,389	-	-	3,798,915
General & business administrative services	1,093,226	-	-	-	1,093,226
School administrative services	1,214,701	-	-	-	1,214,701
Plant operations & maintenance	2,171,537	-	-	-	2,171,537
Pupil transportation	1,094,538	-	-	-	1,094,538
Unallocated benefits	8,400,671	5,426	-	-	8,406,097

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 522,825	\$ -	\$ 319,761	\$ -	\$ 842,586
Debt service					
Principal	-	-	-	1,370,000	1,370,000
Interest & other charges	67,811	-	-	749,963	817,774
Total expenditures	<u>31,183,674</u>	<u>440,978</u>	<u>319,761</u>	<u>2,119,963</u>	<u>34,064,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>786,037</u>	<u>-</u>	<u>(255,072)</u>	<u>(75,758)</u>	<u>455,207</u>
Other financing sources (uses)					
Proceeds from disposition of capital assets	46,400	-	-	-	46,400
Transfers in	442,269	-	94,662	-	536,931
Transfers out	(94,662)	-	(442,269)	-	(536,931)
Proceeds from bond issue	-	-	990,000	-	990,000
Total other financing sources (uses)	<u>394,007</u>	<u>-</u>	<u>642,393</u>	<u>-</u>	<u>1,036,400</u>
Net change in fund balance	1,180,044	-	387,321	(75,758)	1,491,607
Fund balances, July 1	<u>6,014,682</u>	<u>-</u>	<u>1,204,618</u>	<u>75,758</u>	<u>7,295,058</u>
Fund balances, June 30	<u>\$ 7,194,726</u>	<u>\$ -</u>	<u>\$ 1,591,939</u>	<u>\$ -</u>	<u>\$ 8,786,665</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ 1,491,607

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	\$ 842,586	
Cost basis of assets disposed	(20,365)	
Depreciation expense	<u>(1,405,921)</u>	(583,700)

Governmental funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements (990,000)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities.

Debt principal payments	1,370,000
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Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of bond premium	75,588
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (371,539)

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2016

In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	\$ (2,062)
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	16,949
In the Statement of Activities, compensated absences & early retirement benefits 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>(22,886)</u>
Change in net position of governmental activities	<u><u>\$ 983,957</u></u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 142,003	\$ 16,988	\$ 4,760	\$ 163,751
Receivables from other governments				
State	326	-	-	326
Federal	5,387	-	-	5,387
Inventory	7,960	-	-	7,960
Total current assets	<u>155,676</u>	<u>16,988</u>	<u>4,760</u>	<u>177,424</u>
Noncurrent assets				
Capital assets	151,333	-	-	151,333
Less: accumulated depreciation	121,365	-	-	121,365
Total noncurrent assets	<u>29,968</u>	<u>-</u>	<u>-</u>	<u>29,968</u>
Total assets	<u>185,644</u>	<u>16,988</u>	<u>4,760</u>	<u>207,392</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	-	1,280	1,280
Due to other funds	5,713	-	-	5,713
Unearned revenues - Prepaid sales	26,155	10,317	3,010	39,482
Total liabilities	<u>31,868</u>	<u>10,317</u>	<u>4,290</u>	<u>46,475</u>
NET POSITION				
Net investment in capital assets	29,968	-	-	29,968
Unrestricted	123,808	6,671	470	130,949
Total net position	<u>\$ 153,776</u>	<u>\$ 6,671</u>	<u>\$ 470</u>	<u>\$ 160,917</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating revenues				
Charges for services				
Daily sales - Reimbursable programs	\$ 250,976	\$ -	\$ -	\$ 250,976
Daily sales - Non-reimbursable programs	160,708	-	-	160,708
Summer program fees	-	16,263	6,220	22,483
Total operating revenues	<u>411,684</u>	<u>16,263</u>	<u>6,220</u>	<u>434,167</u>
Operating expenses				
Cost of sales - Reimbursable programs	168,003	-	-	168,003
Cost of sales - Non-reimbursable programs	88,105	-	-	88,105
Salaries	155,122	9,490	6,140	170,752
Employee benefits	40,048	792	406	41,246
Purchased property services	10,722	-	-	10,722
Insurance	2,785	-	-	2,785
Management fee	11,008	-	-	11,008
Other purchased services	7,024	-	-	7,024
General supplies	-	681	-	681
Depreciation	5,011	-	-	5,011
Miscellaneous	790	-	-	790
Total operating expenses	<u>488,618</u>	<u>10,963</u>	<u>6,546</u>	<u>506,127</u>
Operating income (loss)	<u>(76,934)</u>	<u>5,300</u>	<u>(326)</u>	<u>(71,960)</u>
Non-operating revenues (expenses)				
State sources				
State School Lunch Program	4,498	-	-	4,498
Federal sources				
National School Lunch Program				
Cash assistance	76,697	-	-	76,697
Non cash assistance (commodities)	30,411	-	-	30,411
Interest earned on investments	513	-	-	513
Total non-operating revenues (expenses)	<u>112,119</u>	<u>-</u>	<u>-</u>	<u>112,119</u>
Change in net position	35,185	5,300	(326)	40,159
Net position, beginning	<u>118,591</u>	<u>1,371</u>	<u>796</u>	<u>120,758</u>
Net position, ending	<u>\$ 153,776</u>	<u>\$ 6,671</u>	<u>\$ 470</u>	<u>\$ 160,917</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash flows from operating activities				
Receipts from customers (net)	\$ 413,272	\$ 11,655	\$ 3,900	\$ 428,827
Payments to employees	(9,270)	(9,490)	(4,860)	(23,620)
Payments for employee benefits	(756)	(792)	(406)	(1,954)
Payments to Food Service Management Co.	(457,206)	-	-	(457,206)
Payments to vendors (net)	(15,707)	(681)	-	(16,388)
Net cash provided by (used for) operating activities	<u>(69,667)</u>	<u>692</u>	<u>(1,366)</u>	<u>(70,341)</u>
Cash flows from non-capital financing activities				
State sources	4,708	-	-	4,708
Federal sources	78,212	-	-	78,212
General fund interfund activity	34,206	-	-	34,206
Net cash provided by (used for) noncapital financing activities	<u>117,126</u>	<u>-</u>	<u>-</u>	<u>117,126</u>
Cash flows from investing activities				
Interest earned on investments	513	-	-	513
Net cash provided by (used for) investing activities	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>
Net increase (decrease) in cash and cash equivalents	47,972	692	(1,366)	47,298
Cash and cash equivalents, beginning	94,031	16,296	6,126	116,453
Cash and cash equivalents, ending	<u>\$ 142,003</u>	<u>\$ 16,988</u>	<u>\$ 4,760</u>	<u>\$ 163,751</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (76,934)	\$ 5,300	\$ (326)	\$ (71,960)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	5,011	-	-	5,011
Federal Food Donation Program	30,411	-	-	30,411
(Increase) decrease in inventory	(2,522)	-	-	(2,522)
Increase (decrease) in accounts payable	(28,756)	(385)	1,280	(27,861)
Increase (decrease) in unearned revenues	3,123	(4,223)	(2,320)	(3,420)
Net cash provided by (used for) operating activities	<u>\$ (69,667)</u>	<u>\$ 692</u>	<u>\$ (1,366)</u>	<u>\$ (70,341)</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 12,400	\$ 59,604	\$ 340,449
Total assets	<u>\$ 12,400</u>	<u>\$ 59,604</u>	<u>\$ 340,449</u>
LIABILITIES			
Due to student groups	\$ -	\$ 59,604	\$ -
Accumulated interest	-	-	2
Payroll deductions and withholdings	-	-	340,447
Total liabilities	<u>-</u>	<u>\$ 59,604</u>	<u>\$ 340,449</u>
NET POSITION			
Reserve for scholarship funds	<u>\$ 12,400</u>		

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Private Purpose Scholarship Fund</u>
Additions	
Contributions - other	\$ 1,330
Total additions	<u>1,330</u>
Deductions	
Scholarships awarded	<u>5,747</u>
Change in net position	(4,417)
Net position, beginning of the year	<u>16,817</u>
Net position, end of the year	<u><u>\$ 12,400</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2016 of 1,690 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of Interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental funds, Proprietary funds, and Fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its Governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary fund and Fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey States Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary fund's principal ongoing operations.

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

The District reports the following major Governmental funds:

General Fund - The General fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for 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 New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue fund.

Capital Projects Fund - The Capital Projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Debt Service Fund - The Debt Service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of Proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary funds of the District:

Enterprise Fund - The Enterprise fund is 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise fund is comprised of the Food Service fund, Summer Enrichment fund and Summer Sport Camps fund.

All Proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by Proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - The Trust and Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency funds of the District.

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

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 budgets are submitted to the county office and, if necessary, are voted upon at the annual school election in November. 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 must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental funds other than the Special Revenue fund are reported as reservations of 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 revenues 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal years 2015-2016 and 2014-2015 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Short-term Interfund receivable/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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the Enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	20 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicle	5

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits 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 Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the General fund and Special Revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue fund.

Unearned revenue in the Enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental funds

In the fund financial statements, Governmental funds report the following classifications of fund balance:

- *Non-Spendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- *Assigned* - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditures are incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative data/reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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 e.t. 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 public 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 saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2016 appear in the financial statements as summarized below:

Cash		\$	<u>8,619,086</u>
	<u>Ref.</u>		
Unrestricted cash			
Governmental funds, Balance Sheet	B-1	\$	2,378,412
Enterprise funds, Statement of Net Position	B-4		163,751
Fiduciary funds, Statement of Net Position	B-7		412,453
Restricted cash			
Governmental funds, Balance Sheet	B-1		<u>5,664,470</u>
Total cash		\$	<u>8,619,086</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$8,619,086 and the bank balance is \$9,403,234. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$9,153,234 is insured by GUDPA.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)
GASB Statement No. 40 “Deposit and Investment Risk Disclosures” requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government’s name.
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name.

As the District has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the District has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the District has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the District has no such investments this disclosure is not applicable.

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer. As of June 30, 2016, the District had no investments.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 412,362	\$ -	\$ -	\$ 412,362
Construction in progress	19,783	639,006	319,245	339,544
Total	<u>432,145</u>	<u>639,006</u>	<u>319,245</u>	<u>751,906</u>
Capital assets, being depreciated				
Land improvements	2,060,694	-	-	2,060,694
Building & improvements	54,475,729	227,201	-	54,702,930
Furniture & equipment	2,510,440	202,403	12,095	2,700,748
Vehicles	2,472,296	93,221	230,301	2,335,216
Total	<u>61,519,159</u>	<u>522,825</u>	<u>242,396</u>	<u>61,799,588</u>
Accumulated depreciation				
Land improvements	1,466,470	68,039	-	1,534,509
Building & improvements	14,613,309	1,094,006	-	15,707,315
Furniture & equipment	2,082,704	93,747	12,095	2,164,356
Vehicles	1,965,403	150,129	209,936	1,905,596
Total	<u>20,127,886</u>	<u>1,405,921</u>	<u>222,031</u>	<u>21,311,776</u>
Total capital assets, being depreciated, net	<u>41,391,273</u>	<u>(883,096)</u>	<u>20,365</u>	<u>40,487,812</u>
Transfer	-	(319,245)	(319,245)	-
Governmental activities capital assets, net	<u>\$ 41,823,418</u>	<u>\$ (563,335)</u>	<u>\$ 20,365</u>	<u>\$ 41,239,718</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 151,333	\$ -	\$ -	\$ 151,333
Accumulated depreciation	116,354	5,011	-	121,365
Business type activities capital assets, net	<u>\$ 34,979</u>	<u>\$ (5,011)</u>	<u>\$ -</u>	<u>\$ 29,968</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 563,975
Special education	205,338
Other special instruction	47,800
Co-curricular activities	19,622
Support services	
Student & instruction	243,988
General & business administration	69,953
School administration	77,290
Maintenance	35,224
Transportation	142,731
Total depreciation expense, governmental activities	<u>\$ 1,405,921</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 20,675,000	\$ 990,000	\$ 1,370,000	\$ 20,295,000	\$ 1,410,000
Unamortized bond premium	463,905	-	75,588	388,317	75,588
PERS net pension liability	8,570,934	2,207,727	-	10,778,661	-
Compensated absences payable	536,790	57,114	34,228	559,676	32,295
Total governmental activities long-term liabilities	<u>\$ 30,246,629</u>	<u>\$ 3,254,841</u>	<u>\$ 1,479,816</u>	<u>\$ 32,021,654</u>	<u>\$ 1,517,883</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Payments on the general obligation bonds are made in the Debt Service fund from property taxes and state aid. The compensated absences liability is paid in the current expenditures budget of the District's General fund and the other long-term debts are amortized over a determined period.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016 including interest payments are listed as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,410,000	\$ 718,093	\$ 2,128,093
2018	2,450,000	665,268	3,115,268
2019	1,535,000	599,162	2,134,162
2020	1,595,000	537,500	2,132,500
2021	1,700,000	472,688	2,172,688
2022 - 2026	9,525,000	1,367,375	10,892,375
2027	2,080,000	52,475	2,132,475
Total	<u>\$ 20,295,000</u>	<u>\$ 4,412,561</u>	<u>\$ 24,707,561</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 - 2013 refunding school bonds, interest at 3.00% to 4.00%, due in annual installments beginning January 1, 2014 to January 1, 2027	\$ 6,845,000
\$5,415,000 - 2010 refunding school bonds, interest at 1.625% to 54.00%, due in annual installments beginning January 15, 2011 to July 15, 2019	2,905,000
\$10,000,000 - 2006 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning July 15, 2012 to July 15, 2017.	9,555,000
\$990,000 - 2016 general obligation school bonds, interest at 2.00% to 4.00%, due in annual installments beginning July 15, 2012 to July 15, 2017.	990,000
Totals	<u>\$ 20,295,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2016 is \$92,221,774. General obligation debt at June 30, 2016 is \$20,295,000, resulting in a legal debt margin of \$71,926,774.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public employees' retirement systems (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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations, are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2015, are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 through June 30, 2015. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2015, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 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.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 20,699,555	\$ 17,886,222
Plan fiduciary net position	9,920,894	9,315,288
Net pension liability	<u>\$ 10,778,661</u>	<u>\$ 8,570,934</u>
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

A. Public employees' retirement systems (PERS)

Components of net pension liability

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

Long-term expected rate of return

In accordance with State Statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS)
Components of net pension liability

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 on the average of the last five years of contributions made in relation to the last five years of recommended contributions. 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	\$ 10,778,661
At a 1% lower rate (3.90%)	13,396,556
At a 1% higher rate (5.90%)	8,583,836
	2014
At current discount rate (5.39%)	\$ 8,570,934
At a 1% lower rate (4.39%)	10,782,527
At a 1% higher rate (6.39%)	6,713,759

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,141	\$ -
Changes of assumptions	1,157,542	-
Net difference between projected and actual earnings on pension plan investments	-	173,300
Changes in proportion and differences between District contributions and proportionate share of contributions	521,358	-
District contributions subsequent to the measurement date	412,810	-
Total	\$ 2,348,851	\$ 173,300

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$412,810 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions	\$ 282,692	\$ 1,434,795	\$ 302,804	\$ 1,414,683
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	535,751	(285,642)	76,809	173,300
Net of deferred outflows/(inflows)				\$ 1,241,383

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 225,994
2017	225,994
2018	225,994
2019	359,932
2020	203,469
Total	\$ 1,241,383

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$784,349 which represents the District's proportionate share of allocable plan pension expense of \$707,079 plus the pension expense related to specific liabilities of individual employers of \$3,467 plus the net amortization of deferred amounts from changes in proportion of \$112,674 and less other adjustments to the net pension liability of \$38,871. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Service cost	\$ 423,518
Interest on total pension liability	1,009,314
Member contributions	(234,273)
Administrative expense	7,871
Expected investment return net of investment expense	(721,157)
Pension expense related to specific liabilities of individual employers	(4,188)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	248,324
Amortization of expected versus actual experience	54,479
Amortization of projected versus actual investment earnings on pension plan investments	(76,809)
Pension expense	\$ 707,079

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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership Tiers for TPAF:

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

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

Special funding situation

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 non-employer 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 89,215,568	\$ 73,924,434
Employer pension expense and related revenue	5,447,414	3,977,829
Non-employer contribution	758,601	587,543
Allocable proportionate percentage	.1411543352%	.1383141917%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Contribution requirements

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 2,444,475	100%
06/30/15	1,974,605	100%
06/30/14	2,006,071	100%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
C. Defined contribution retirement program (continued)
Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 412,810	100%
06/30/15	377,389	100%
06/30/14	335,444	100%

Contribution requirements (continued)

During the year ended June 30, 2016, the State of New Jersey contributed \$1,328,645 to the TPAF for post-retirement medical benefits, \$52,946 for non-contributory insurance premiums and \$1,062,884 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,032,686 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (Continued)

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Note 8 - 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 plan administrators are as follows:

AXA Equitable Funds
Financial Network Investments
Financial Resources and Retirement Inc.
Lincoln Investment Planning
Lincoln National Life Insurance Company
Siracusa Benefits Programs

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables

The composition of Interfund balances at June 30, 2016 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 15,995	\$ -
Special Revenue fund	-	10,282
Food Service fund	-	5,713
	\$ 15,995	\$ 15,995

The balance due from the Special Revenue fund to the General fund of \$10,282 represents a loan from the General fund due to cash flow issues related to the delayed receipt of grant revenues.

The balance due from the Food Service fund to the General fund of \$5,713 represents lunch aid received in the General fund which was overpaid to the Food Service Enterprise fund as of June 30, 2015.

Note 10 - Inventory

Inventory in the Food Service fund as of June 30, 2016 consisted of the following:

Food	\$ 5,103
Supplies	2,857
Total	\$ 7,960

Note 11 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Note 12 - 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.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the “Contributory Method.” Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

Note 13 - Legal reserve accounts

A Capital Reserve account was established by the District 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 Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the 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. 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. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$975,000 to their Capital Reserve by Board resolution in June 2016 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$3,044,892	\$ 975,000	\$ 9,891	\$442,269	\$ 404,662	\$4,067,390
Emergency	207,060	-	679	-	-	207,739
Maintenance	367,179	-	-	-	-	367,179
Total	\$3,619,131	\$ 975,000	\$ 10,570	\$ 442,269	\$ 404,662	\$4,642,308

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - Budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General fund Balance on June 30, 2016 and 2015 is as follows:

	2015	2016
Restricted		
Excess surplus - represents amount in excess of allowable percentage. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 849,104	\$ 847,265
Excess surplus - Designated for subsequent year's expenditures - represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements.	757,442	849,104
Committed		
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	3,044,892	4,067,390
Emergency reserve-represents funds accumulated to finance unanticipated General fund expenditures required for a thorough and efficient education	207,060	207,739
Maintenance reserve - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	367,179	367,179
Assigned		
Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	182,693	250,268
Unassigned		
Undesignated - represents fund balance which has not been restricted or designated.	738,423	735,442
Total fund balance	\$ 6,146,793	\$ 7,324,387

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2016 is \$847,265.

Note 16 - Subsequent events

The District has evaluated subsequent events through November 3, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement, which is effective for reporting periods after June 15, 2016, is not expected to have a material impact on the District's financial reporting.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

- Note 17 - Recent accounting pronouncements not yet effective (continued)
In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.
- Note 18 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$7,320,859 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 26,643,599	\$ -	\$ 26,643,599	\$ 26,643,599	\$ -
Tuition from individuals	70,000	-	70,000	51,592	(18,408)
Tuition from other LEAs within the state	43,143	-	43,143	16,841	(26,302)
Transportation fees from individuals	4,500	-	4,500	5,300	800
Transportation fees from other LEAs	20,000	-	20,000	-	(20,000)
Rents and royalties	45,000	-	45,000	44,585	(415)
Unrestricted miscellaneous revenues	102,606	-	102,606	112,968	10,362
Total	26,928,848	-	26,928,848	26,874,885	(53,963)
State Sources					
Categorical Transportation Aid	155,563	-	155,563	155,563	-
Extraordinary Aid	30,000	-	30,000	208,558	178,558
Categorical Special Education Aid	1,137,296	-	1,137,296	1,137,296	-
Categorical Security Aid	67,253	-	67,253	67,253	-
Other State Aids	42,308	-	42,308	48,794	6,486
TPAF Pension (on-behalf)	-	-	-	1,115,830	1,115,830
TPAF Social Security (reimbursed)	-	-	-	1,032,686	1,032,686
TPAF Post Retirement Benefits	-	-	-	1,328,645	1,328,645
Total	1,432,420	-	1,432,420	5,094,625	3,662,205
Total Revenues	\$ 28,361,268	\$ -	\$ 28,361,268	\$ 31,969,510	\$ 3,608,242
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 471,405	\$ 59,739	\$ 531,144	\$ 531,049	\$ 95
Grades 1-5	4,162,028	136,902	4,298,930	4,142,777	156,153
Grades 6-8	3,487,246	(128,908)	3,358,338	3,254,446	103,892
Home instruction					
Salaries of teacher	16,000	-	16,000	14,785	1,215
Purchased professional - educational services	10,000	-	10,000	1,830	8,170
Other purchased services	250	-	250	227	23
Regular programs - undistributed instruction					
Other salaries for instruction	15,585	54,186	69,771	33,531	36,240
Purchased professional - educational services	1,680	-	1,680	1,280	400
Other purchased services	79,650	(4,653)	74,997	55,651	19,346
General supplies	361,609	3,019	364,628	318,263	46,365
Textbooks	57,292	1,706	58,998	50,989	8,009
Other objects	2,440	-	2,440	647	1,793
Total	8,665,185	121,991	8,787,176	8,405,475	381,701
Special education					
Learning and/or language disabilities					
Salaries of teachers	130,659	5,536	136,195	136,195	-
Other salaries for instruction	59,012	(12,848)	46,164	45,919	245
Other purchased services	3,000	-	3,000	1,594	1,406
General supplies	4,600	334	4,934	4,899	35
Total	197,271	(6,978)	190,293	188,607	1,686

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Resource room/resource center					
Salaries of teachers	\$ 2,141,052	\$ 8,334	\$ 2,149,386	\$ 2,128,467	\$ 20,919
Other salaries for instruction	490,188	(24,056)	466,132	457,125	9,007
General supplies	25,800	(2,674)	23,126	22,199	927
Textbooks	650	-	650	-	650
Total	<u>2,657,690</u>	<u>(18,396)</u>	<u>2,639,294</u>	<u>2,607,791</u>	<u>31,503</u>
Autism					
Salaries of teachers	63,158	190	63,348	61,980	1,368
Other salaries for instruction	64,278	-	64,278	60,710	3,568
General supplies	500	-	500	500	-
Total	<u>127,936</u>	<u>190</u>	<u>128,126</u>	<u>123,190</u>	<u>4,936</u>
Preschool disabilities - part-time					
Salaries of teachers	31,993	92,879	124,872	120,303	4,569
Other salaries for instruction	66,232	3,341	69,573	69,433	140
General supplies	650	197	847	847	-
Total	<u>98,875</u>	<u>96,417</u>	<u>195,292</u>	<u>190,583</u>	<u>4,709</u>
Preschool disabilities - full-time					
Salaries of teachers	166,519	(93,097)	73,422	72,770	652
Other salaries for instruction	-	1,133	1,133	510	623
General supplies	1,500	(82)	1,418	1,405	13
Total	<u>168,019</u>	<u>(92,046)</u>	<u>75,973</u>	<u>74,685</u>	<u>1,288</u>
Total special education	<u>3,249,791</u>	<u>(20,813)</u>	<u>3,228,978</u>	<u>3,184,856</u>	<u>44,122</u>
Basic skills/remedial					
Salaries of teachers	658,761	19,651	678,412	658,030	20,382
General supplies	3,505	276	3,781	3,341	440
Total	<u>662,266</u>	<u>19,927</u>	<u>682,193</u>	<u>661,371</u>	<u>20,822</u>
Bilingual education - instruction					
Salaries of teachers	68,364	611	68,975	68,975	-
Other purchased services	1,300	402	1,702	1,606	96
General supplies	300	100	400	-	400
Total	<u>69,964</u>	<u>1,113</u>	<u>71,077</u>	<u>70,581</u>	<u>496</u>
School-sponsored co/extra curricular activities-instruction					
Salaries	97,793	19,293	117,086	117,086	-
Purchased services	2,500	(739)	1,761	1,761	-
Supplies and materials	7,640	(2,904)	4,736	4,736	-
Other objects	65	35	100	100	-
Total	<u>107,998</u>	<u>15,685</u>	<u>123,683</u>	<u>123,683</u>	<u>-</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ 137,500	\$ (6,640)	\$ 130,860	\$ 130,860	\$ -
Purchased services	22,073	(5,895)	16,178	16,178	-
Supplies and materials	10,056	(2,072)	7,984	7,984	-
Other objects	1,200	(550)	650	650	-
Total	<u>170,829</u>	<u>(15,157)</u>	<u>155,672</u>	<u>155,672</u>	<u>-</u>
Total instruction regular	<u>\$ 12,926,033</u>	<u>\$ 122,746</u>	<u>\$ 13,048,779</u>	<u>\$ 12,601,638</u>	<u>\$ 447,141</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 65,000	\$ (65,000)	\$ -	\$ -	\$ -
Tuition to priv. school for the disabled within state	607,477	(7,782)	599,695	275,801	323,894
Total	<u>672,477</u>	<u>(72,782)</u>	<u>599,695</u>	<u>275,801</u>	<u>323,894</u>
Undistributed expenditures - health services					
Salaries	299,927	-	299,927	284,364	15,563
Purchased professional and technical services	4,371	(411)	3,960	3,960	-
Other purchased services	1,200	-	1,200	1,000	200
Supplies and materials	14,850	(2,387)	12,463	12,462	1
Other objects	500	(160)	340	340	-
Total	<u>320,848</u>	<u>(2,958)</u>	<u>317,890</u>	<u>302,126</u>	<u>15,764</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	441,184	50,239	491,423	489,573	1,850
Purchased professional - educational services	123,710	-	123,710	100,110	23,600
Supplies and materials	3,500	1,033	4,533	4,533	-
Other objects	-	150	150	150	-
Total	<u>568,394</u>	<u>51,422</u>	<u>619,816</u>	<u>594,366</u>	<u>25,450</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	473,563	57,547	531,110	523,073	8,037
Purchased professional - educational services	6,500	(4,306)	2,194	1,800	394
Supplies and materials	-	2,382	2,382	277	2,105
Total	<u>480,063</u>	<u>55,623</u>	<u>535,686</u>	<u>525,150</u>	<u>10,536</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	494,767	(9,174)	485,593	478,775	6,818
Salaries of secretarial and clerical assistants	42,540	(488)	42,052	25,294	16,758
Other salaries	300	518	818	818	-
Purchased professional - educational services	1,000	(349)	651	96	555
Other purchased services	1,400	-	1,400	275	1,125
Supplies and materials	15,510	(5,081)	10,429	6,483	3,946
Total	<u>555,517</u>	<u>(14,574)</u>	<u>540,943</u>	<u>511,741</u>	<u>29,202</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 636,759	\$ -	\$ 636,759	\$ 623,995	\$ 12,764
Salaries of secretarial and clerical assistants	132,340	-	132,340	130,957	1,383
Other salaries	3,000	(30)	2,970	1,713	1,257
Other purchased professional & technical services	76,468	-	76,468	46,012	30,456
Other purchased services	3,250	(365)	2,885	1,103	1,782
Miscellaneous purchased service	29,940	-	29,940	16,215	13,725
Supplies and materials	18,050	(6,172)	11,878	10,134	1,744
Total	<u>899,807</u>	<u>(6,567)</u>	<u>893,240</u>	<u>830,129</u>	<u>63,111</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	211,549	2,961	214,510	214,510	-
Salaries of other professional staff	6,060	1,270	7,330	7,330	-
Salaries of secretarial & clerical assist	26,613	-	26,613	26,613	-
Other purchased services	6,150	86	6,236	5,628	608
Supplies and materials	3,100	495	3,595	3,127	468
Other objects	11,200	2,517	13,717	13,717	-
Total	<u>264,672</u>	<u>7,329</u>	<u>272,001</u>	<u>270,925</u>	<u>1,076</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	390,114	(3,245)	386,869	371,682	15,187
Salaries of technology coordinators	48,506	-	48,506	48,506	-
Purchased professional and technical services	7,500	7,781	15,281	15,281	-
Other purchased services	128,659	(133)	128,526	127,173	1,353
Supplies and materials	25,075	(468)	24,607	21,247	3,360
Other objects	50	-	50	-	50
Total	<u>599,904</u>	<u>3,935</u>	<u>603,839</u>	<u>583,889</u>	<u>19,950</u>
Undistributed expenditures - instructional staff training services					
Salaries of other professional staff	68,187	3,705	71,892	67,252	4,640
Salaries of secretarial & clerical assist.	26,613	-	26,613	26,613	-
Other purchased services	20,250	50	20,300	20,102	198
Supplies and materials	2,245	2,000	4,245	4,233	12
Total	<u>117,295</u>	<u>5,755</u>	<u>123,050</u>	<u>118,200</u>	<u>4,850</u>
Undistributed expend. - support service - general admin.					
Salaries	238,474	7,599	246,073	246,073	-
Legal services	68,826	8,880	77,706	72,880	4,826
Audit fees	27,500	-	27,500	27,500	-
Architectural/engineering services	5,000	(2,868)	2,132	2,093	39
Other purchased professional services	13,750	9,971	23,721	23,721	-
Purchased technical services	3,000	(3,000)	-	-	-
Communications/telephone	134,724	(21,090)	113,634	113,408	226
Boa other purchased services	5,500	(145)	5,355	5,327	28
Misc. purchase services	67,850	1,531	69,381	69,217	164
General supplies	4,000	7,964	11,964	4,279	7,685
Boa in-house training/meeting supplies	900	-	900	349	551
Miscellaneous expenditures	3,000	(950)	2,050	2,050	-
Boa membership dues and fees	17,300	118	17,418	17,418	-
Total	<u>589,824</u>	<u>8,010</u>	<u>597,834</u>	<u>584,315</u>	<u>13,519</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	\$ 736,440	\$ 1,207	\$ 737,647	\$ 737,647	\$ -
Salaries of secretarial and clerical assistants	382,628	(78)	382,550	382,549	1
Other purchased services	69,350	1,018	70,368	62,056	8,312
Supplies and materials	27,539	6,276	33,815	27,059	6,756
Other objects	10,420	(380)	10,040	5,390	4,650
Total	<u>1,226,377</u>	<u>8,043</u>	<u>1,234,420</u>	<u>1,214,701</u>	<u>19,719</u>
Undistributed expenditures - central services					
Salaries	420,861	(8,010)	412,851	411,949	902
Purchased professional services	500	250	750	750	-
Purchased technical services	14,562	(250)	14,312	10,630	3,682
Miscellaneous purchased services	6,475	(54)	6,421	4,367	2,054
Supplies and materials	4,000	54	4,054	3,730	324
Other objects	2,750	-	2,750	2,570	180
Total	<u>449,148</u>	<u>(8,010)</u>	<u>441,138</u>	<u>433,996</u>	<u>7,142</u>
Undistributed expenditures - admin. info. technology					
Salaries	75,982	-	75,982	74,304	1,678
Purchased technical services	-	5,900	5,900	-	5,900
Other purchased services	3,500	-	3,500	611	2,889
Other objects	1,200	-	1,200	-	1,200
Total	<u>80,682</u>	<u>5,900</u>	<u>86,582</u>	<u>74,915</u>	<u>11,667</u>
Undistributed expend. - required maint. for school facilities					
Salaries	348,314	(946)	347,368	314,911	32,457
Cleaning, repair, and maintenance services	147,423	(5,000)	142,423	110,583	31,840
General supplies	91,597	-	91,597	60,189	31,408
Total	<u>587,334</u>	<u>(5,946)</u>	<u>581,388</u>	<u>485,683</u>	<u>95,705</u>
Undistributed expenditures - Custodial services					
Salaries	234,501	(23,173)	211,328	204,277	7,051
Purchased professional and technical services	67,750	-	67,750	56,399	11,351
Cleaning, repair, and maintenance service	596,916	-	596,916	586,515	10,401
Other purchased property services	25,000	-	25,000	24,540	460
Insurance	75,600	(1,874)	73,726	67,790	5,936
Miscellaneous purchased services	4,400	-	4,400	3,780	620
General supplies	154,233	(6,250)	147,983	42,056	105,927
Energy (natural gas)	250,331	-	250,331	137,074	113,257
Energy (electricity)	456,000	-	456,000	427,653	28,347
Other objects	3,000	-	3,000	1,523	1,477
Total	<u>1,867,731</u>	<u>(31,297)</u>	<u>1,836,434</u>	<u>1,551,607</u>	<u>284,827</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - care and upkeep of grounds					
Salaries	\$ 55,331	\$ 23,619	\$ 78,950	\$ 63,346	\$ 15,604
Purchased professional and technical services	-	9,516	9,516	1,649	7,867
Cleaning, repair, and maintenance service	30,036	(4,016)	26,020	18,843	7,177
General supplies	17,000	6,250	23,250	22,954	296
Total	<u>102,367</u>	<u>35,369</u>	<u>137,736</u>	<u>106,792</u>	<u>30,944</u>
Undistributed expenditures - security					
Purchased professional and technical services	27,672	-	27,672	27,455	217
Total	<u>27,672</u>	<u>-</u>	<u>27,672</u>	<u>27,455</u>	<u>217</u>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	16,112	-	16,112	15,140	972
Salaries for pupil trans (between home & school) - reg.	397,962	55,382	453,344	428,421	24,923
Salaries for pupil trans (between home & school) - sp ed	163,058	13,220	176,278	176,126	152
Salaries for pupil trans (other than between home & school)	46,558	(15,000)	31,558	17,420	14,138
Management fee - esc & ctsa trans. program	5,683	-	5,683	2,992	2,691
Other purchased professional and technical service	88,635	-	88,635	81,333	7,302
Cleaning, repair, & maint. services	23,180	2,500	25,680	25,507	173
Contr service (oth. than between home & school) - vend	-	14,887	14,887	6,498	8,389
Contr service (between home & school) - joint agreements	57,393	43,805	101,198	100,671	527
Contract service (spl. ed. students) - escs & ctsas	139,327	(40,339)	98,988	55,808	43,180
Miscellaneous purchased services - transportation	43,194	1,324	44,518	43,788	730
General supplies	2,500	-	2,500	1,098	1,402
Transportation supplies	272,804	(61,388)	211,416	139,536	71,880
Other objects	150	50	200	200	-
Total	<u>1,256,556</u>	<u>14,441</u>	<u>1,270,997</u>	<u>1,094,538</u>	<u>176,459</u>
Unallocated benefits-employee benefits					
Social security contributions	355,000	-	355,000	351,858	3,142
Other retirement contributions - PERS	448,267	(35,457)	412,810	412,810	-
Other retirement contributions - regular	18,000	-	18,000	10,490	7,510
Unemployment compensation	75,000	-	75,000	72,943	2,057
Workmen's compensation	208,243	663	208,906	202,406	6,500
Health benefits	3,889,093	(30,775)	3,858,318	3,609,707	248,611
Tuition reimbursement	106,407	-	106,407	78,290	28,117
Other employee benefits	158,160	2,778	160,938	148,924	12,014
Unused sick payment to terminated/retired staff	45,500	(7,985)	37,515	36,082	1,433
Total	<u>5,303,670</u>	<u>(70,776)</u>	<u>5,232,894</u>	<u>4,923,510</u>	<u>309,384</u>
On-behalf TPAF pension contribution	-	-	-	1,115,830	(1,115,830)
On-behalf TPAF post retirement medical benefits	-	-	-	1,328,645	(1,328,645)
Reimbursed TPAF social security contribution	-	-	-	1,032,686	(1,032,686)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,477,161</u>	<u>(3,477,161)</u>
Total undistributed expenditures	<u>\$ 15,970,338</u>	<u>\$ (17,083)</u>	<u>\$ 15,953,255</u>	<u>\$ 17,987,000</u>	<u>\$ (2,033,745)</u>
Total current	<u>\$ 28,896,371</u>	<u>\$ 105,663</u>	<u>\$ 29,002,034</u>	<u>\$ 30,588,638</u>	<u>\$ (1,586,604)</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 73,000	\$ -	\$ 73,000	\$ 67,134	\$ 5,866
Undistributed expend. - support service - related & extra.	-	8,075	8,075	8,075	-
Undistributed expenditures - care and upkeep of grounds	41,000	-	41,000	39,050	1,950
School buses - regular	183,221	4,726	187,947	93,221	94,726
School buses - special	-	56,612	56,612	-	56,612
Total equipment	<u>297,221</u>	<u>69,413</u>	<u>366,634</u>	<u>207,480</u>	<u>159,154</u>
Facilities acquisition and construction service					
Legal services	1,000	(1,000)	-	-	-
Architectural/engineering services	22,000	3,000	25,000	21,589	3,411
Other purchased professional and technology services	100,000	(100,000)	-	-	-
Construction services	227,000	98,000	325,000	297,656	27,344
Assessment for debt service on SDA funding	67,811	-	67,811	67,811	-
Total facilities acquisition and construction service	<u>417,811</u>	<u>-</u>	<u>417,811</u>	<u>387,056</u>	<u>30,755</u>
Total capital outlay	<u>\$ 715,032</u>	<u>\$ 69,413</u>	<u>\$ 784,445</u>	<u>\$ 594,536</u>	<u>\$ 189,909</u>
Total expenditures	<u>\$ 29,611,403</u>	<u>\$ 175,076</u>	<u>\$ 29,786,479</u>	<u>\$ 31,183,174</u>	<u>\$ (1,396,695)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,250,135)</u>	<u>\$ (175,076)</u>	<u>\$ (1,425,211)</u>	<u>\$ 786,336</u>	<u>\$ 2,211,547</u>
Other financing sources (uses)					
Operating transfer in					
transfers from capital projects fund	-	-	-	442,269	442,269
Capital reserve - transfer to capital projects fund	(94,662)	-	(94,662)	(94,662)	-
Proceeds from sale of fixed assets	-	-	-	45,900	45,900
Total other financing sources (uses)	<u>(94,662)</u>	<u>-</u>	<u>(94,662)</u>	<u>393,507</u>	<u>488,169</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(1,344,797)	(175,076)	(1,519,873)	1,179,843	2,699,716
Fund balances, July 1	6,144,544	-	6,144,544	6,144,544	-
Fund balances, June 30	<u>\$ 4,799,747</u>	<u>\$ (175,076)</u>	<u>\$ 4,624,671</u>	<u>\$ 7,324,387</u>	<u>\$ 2,699,716</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (182,693)	\$ -	\$ (182,693)	\$ (182,693)	\$ -
Increase in capital reserve	-	1,417,269	1,417,269	1,417,269	-
Interest deposit to capital reserve	-	-	-	9,891	9,891
Withdrawal from capital reserve	(404,662)	-	(404,662)	(404,662)	-
Interest earned on emergency reserve	-	-	-	679	679
Budgeted fund balance	(757,442)	(1,592,345)	(2,349,787)	339,359	2,689,146
Total	<u>\$ (1,344,797)</u>	<u>\$ (175,076)</u>	<u>\$ (1,519,873)</u>	<u>\$ 1,179,843</u>	<u>\$ 2,699,716</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 849,104	
Excess surplus - current year				847,265	
Committed fund balance					
Capital reserve				4,067,390	
Emergency reserve				207,739	
Maintenance reserve				367,179	
Assigned fund balance					
Year-end encumbrances				250,268	
Unassigned fund balance				<u>735,442</u>	
Fund balance per budgetary basis				7,324,387	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(129,661)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 7,194,726</u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 23,444	\$ -	\$ 23,444	\$ 10,810	\$ (12,634)
Federal sources	509,931	-	509,931	430,768	(79,163)
Total revenues	<u>\$ 533,375</u>	<u>\$ -</u>	<u>\$ 533,375</u>	<u>\$ 441,578</u>	<u>\$ (91,797)</u>
Expenditures					
Instruction					
Salaries	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ -
Purchased professional & technical services	3,556	(2,456)	1,100	-	1,100
Other purchased services	362,608	(2,299)	360,309	308,047	52,262
General supplies	59,529	(5,830)	53,699	40,996	12,703
Totals	<u>445,693</u>	<u>(10,585)</u>	<u>435,108</u>	<u>369,043</u>	<u>66,065</u>
Support services					
Salaries	5,774	(268)	5,506	5,506	-
Personal services employee benefits	5,642	-	5,642	5,426	216
Purchased professional & technical services	54,516	(4,049)	50,467	38,905	11,562
Other purchased services	21,750	3,454	25,204	11,250	13,954
Supplies & materials	-	11,448	11,448	11,448	-
Total	<u>87,682</u>	<u>10,585</u>	<u>98,267</u>	<u>72,535</u>	<u>25,732</u>
Total expenditures	<u>\$ 533,375</u>	<u>\$ -</u>	<u>\$ 533,375</u>	<u>\$ 441,578</u>	<u>\$ 91,797</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 31,969,510	\$ 441,578
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	4,120
Outstanding encumbrances current year	-	(4,720)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	129,862	-
State aid receivable current year	(129,661)	-
Total revenues (GAAP basis)	<u>\$ 31,969,711</u>	<u>\$ 440,978</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 31,183,174	\$ 441,578
Differences - budget to GAAP		
Trade-in values of capital assets are not recognized for budgetary basis purposes but treated as an other financing source and additional expenditure for GAAP purposes		
	500	-
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:		
Outstanding encumbrances prior year	-	4,120
Outstanding encumbrances current year	-	(4,720)
Total expenditures (GAAP basis)	<u>\$ 31,183,674</u>	<u>\$ 440,978</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	89,215,568	73,924,434	73,638,734	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 89,215,568	\$ 73,924,434	\$ 73,638,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 13,993,415	\$ 13,904,799	\$ 13,563,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$1,115,830	\$763,132	\$585,126	\$941,487	\$451,476	\$44,175	\$48,019	\$45,656	\$1,041,392	\$994,552
Contributions in relation to the contractually required contribution	(1,115,830)	(763,132)	(585,126)	(941,487)	(451,476)	(44,175)	(48,019)	(45,656)	(1,041,392)	(994,552)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$13,800,976	\$13,993,415	\$13,904,799	\$13,563,963	\$14,039,057	\$14,103,692	\$14,135,062	\$13,524,841	\$12,953,650	\$12,608,925
Contributions as a percentage of covered employee payroll	8.09%	5.45%	4.21%	6.94%	3.22%	0.31%	0.34%	0.34%	8.04%	7.89%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Percentage	N/A	0.0480161369%	0.0457782148%	0.0445193222%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - Value	N/A	\$10,778,661	\$8,570,934	\$8,508,527	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	3,113,569	3,026,223	2,901,557	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	346.18%	283.22%	293.24%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 412,810	\$ 377,389	\$ 335,444	\$ 343,867	\$ 459,728	\$ 430,105	\$ 329,262	\$ 275,006	\$ 218,570	\$ 117,427
Contributions in relation to the contractually required contribution	(412,810)	(377,389)	(335,444)	(343,867)	(459,728)	(430,105)	(329,262)	(275,006)	(218,570)	(117,427)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,084,486	\$ 3,191,173	\$ 3,026,223	\$ 2,901,557	\$ 3,030,474	\$ 4,099,330	\$ 3,854,541	\$ 3,550,207	\$ 3,342,575	\$ 3,315,796
Contributions as a percentage of covered employee payroll	13.38%	11.83%	11.08%	11.85%	15.17%	10.49%	8.54%	7.75%	6.54%	3.54%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>NCLB Title IA</u>	<u>NCLB Title IIA</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Local Grants</u>	<u>Total</u>
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 10,810	\$ 10,810
Federal sources	45,936	24,390	347,049	13,393	-	430,768
Total revenues	<u>\$ 45,936</u>	<u>\$ 24,390</u>	<u>\$ 347,049</u>	<u>\$ 13,393</u>	<u>\$ 10,810</u>	<u>\$ 441,578</u>
Expenditures						
Instruction						
Salaries	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Other purchased services	-	-	295,382	11,965	700	308,047
General supplies	250	13,790	15,418	1,428	10,110	40,996
Total	<u>20,250</u>	<u>13,790</u>	<u>310,800</u>	<u>13,393</u>	<u>10,810</u>	<u>369,043</u>
Support services						
Salaries	-	-	5,506	-	-	5,506
Personal services - employee benefits	4,988	-	438	-	-	5,426
Purchased professional & technical services	-	8,600	30,305	-	-	38,905
Other purchased services	9,250	2,000	-	-	-	11,250
Supplies & materials	11,448	-	-	-	-	11,448
Total	<u>25,686</u>	<u>10,600</u>	<u>36,249</u>	<u>-</u>	<u>-</u>	<u>72,535</u>
Total expenditures	<u>\$ 45,936</u>	<u>\$ 24,390</u>	<u>\$ 347,049</u>	<u>\$ 13,393</u>	<u>\$ 10,810</u>	<u>\$ 441,578</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
HVAC Upgrades	4/30/09	\$ 353,590	\$ 353,590	\$ -	\$ -
HVAC Upgrades	4/30/09	1,080,301	1,080,301	-	-
Security Surveillance Upgrades at All Four Schools	6/3/14	404,662	19,783	203,986	180,893
Window Replacement at Readington Middle School	6/3/14	375,000	263,869	-	111,131
Roof Replacement at Three Bridges and Whitehouse Elementary Schools	6/3/14	1,145,000	987,176	-	157,824
Paving Reconstruction at Holland Brook Elementary School	3/22/16	990,000	-	63,893	926,107
Paving & Stair Reconstruction at Readington Middle School	6/14/16	670,000	-	42,014	627,986
Stair Reconstruction at Three Bridges Elementary School	6/14/16	120,000	-	9,868	110,132
		<u>\$ 5,138,553</u>	<u>\$ 2,704,719</u>	<u>\$ 319,761</u>	<u>\$ 2,114,073</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Net Position - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and other financing sources	
Local sources - Bond proceeds	\$ 990,000
Local sources - Transfer from capital reserve fund	94,662
State sources - SDA aid	3,182
Total revenues	1,087,844
Expenditures and other financing uses	
Other costs	24,627
Purchased professional & technical services	95,048
Construction services	200,086
Transfer to capital reserve fund	442,269
Total expenditures	762,030
Excess (deficiency) of revenues over (under) expenditures	325,814
Fund balance - beginning	1,428,287
Fund balance - ending	\$ 1,754,101
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 1,754,101
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	569,838
Budgetary Basis (Schedule K-4)	(732,000)
Fund Balance-GAAP Basis (Schedule B-1)	\$ 1,591,939
<u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 3,182
Adjustment to GAAP Basis	61,507
State Financial Assistance-GAAP Basis (Schedule B-2)	\$ 64,689

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
HVAC Upgrades at Three Bridges Elementary, Whitehouse
Elementary and Readington Middle Schools
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Transfer from capital reserve fund	\$ 639,000	\$ -	\$ 639,000	\$ 208,972
State sources - SDA grant	141,436	3,182	144,618	144,618
Total revenues	<u>780,436</u>	<u>3,182</u>	<u>783,618</u>	<u>353,590</u>
Expenditures and other financing uses				
Purchased professional & technical services	66,461	-	66,461	66,461
Construction services	287,129	-	287,129	287,129
Total expenditures	<u>353,590</u>	<u>-</u>	<u>353,590</u>	<u>353,590</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 426,846</u>	<u>\$ 3,182</u>	<u>\$ 430,028</u>	<u>\$ -</u>

Additional project information

Project number	4350-050-09-1001
Project number	4350-060-09-1003
Project number	4350-070-09-1004
Grant date	4/30/2009
Bonds authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,065,000
Revised authorized cost	\$ 353,590
Percentage completion	100%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Boiler Replacement at Whitehouse
Elementary and Readington Middle Schools
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Transfer from capital reserve fund	\$ 1,089,000	\$ -	\$ 1,089,000	\$ 646,731
State sources - SDA grant	433,570	-	433,570	433,570
Total revenues	<u>1,522,570</u>	<u>-</u>	<u>1,522,570</u>	<u>1,080,301</u>
Expenditures and other financing uses				
Legal services	6,038	-	6,038	6,038
Purchased professional & technical services	169,562	-	169,562	169,562
Construction services	904,701	-	904,701	904,701
Transfer to capital reserve fund	-	442,269	442,269	-
Total expenditures	<u>1,080,301</u>	<u>442,269</u>	<u>1,522,570</u>	<u>1,080,301</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 442,269</u>	<u>\$ (442,269)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number	4350-050-09-1002			
Project number	4350-070-09-1005			
Grant date	4/30/2009			
Bonds authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 1,815,000			
Revised authorized cost	\$ 1,080,301			
Percentage completion	100%			

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Surveillance Upgrades
at All Four Schools
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Transfer from capital reserve fund	\$ 186,000	\$ 94,662	\$ 280,662	\$ 280,662
State sources - SDA grant	124,000	-	124,000	124,000
Total revenues	<u>310,000</u>	<u>94,662</u>	<u>404,662</u>	<u>404,662</u>
Expenditures and other financing uses				
Legal services	-	-	-	24,974
Purchased professional & technical services	19,783	3,900	23,683	23,648
Construction services	-	200,086	200,086	356,040
Total expenditures	<u>19,783</u>	<u>203,986</u>	<u>223,769</u>	<u>404,662</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 290,217</u>	<u>\$ (109,324)</u>	<u>\$ 180,893</u>	<u>\$ -</u>
Additional project information				
Project number	4350-030-14-1005			
Project number	4350-050-14-1006			
Project number	4350-060-14-1007			
Project number	4350-070-14-1008			
Grant date	6/3/2014			
Bonds authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 310,000			
Revised authorized cost	\$ 404,662			
Percentage completion	55%			

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Phase of Window Replacement Project
at Readington Middle School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve fund	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
State sources - SDA grant	150,000	-	150,000	150,000
Total revenues	<u>375,000</u>	<u>-</u>	<u>375,000</u>	<u>375,000</u>
Expenditures and other financing uses				
Legal services	1,106	-	1,106	10,000
Purchased professional & technical services	23,763	-	23,763	65,000
Construction services	239,000	-	239,000	300,000
Total expenditures	<u>263,869</u>	<u>-</u>	<u>263,869</u>	<u>375,000</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 111,131</u>	<u>\$ -</u>	<u>\$ 111,131</u>	<u>\$ -</u>

Additional project information	
Project number	4350-050-13-3002
Grant date	6/3/2014
Bonds authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 375,000
Revised authorized cost	\$ 375,000
Percentage completion	70%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Roof Replacement at Three Bridges and Whitehouse
Elementary Schools
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Transfer from capital reserve fund	\$ 687,000	\$ -	\$ 687,000	\$ 687,000
State sources - SDA grant	458,000	-	458,000	458,000
Total revenues	<u>1,145,000</u>	<u>-</u>	<u>1,145,000</u>	<u>1,145,000</u>
Expenditures and other financing uses				
Legal services	1,326	-	1,326	14,530
Purchased professional & technical services	76,736	-	76,736	89,870
Construction services	909,114	-	909,114	1,040,600
Total expenditures	<u>987,176</u>	<u>-</u>	<u>987,176</u>	<u>1,145,000</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 157,824</u>	<u>\$ -</u>	<u>\$ 157,824</u>	<u>\$ -</u>
Additional project information				
Project number	4350-060-13-3003			
Project number	4350-070-13-3004			
Grant date	6/3/2014			
Bonds authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 1,145,000			
Revised authorized cost	\$ 1,145,000			
Percentage completion	86%			

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Paving Reconstruction at Holland Brook Elementary School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Proceeds from bond issue	\$ -	\$ 990,000	\$ 990,000	\$ 990,000
Total revenues	<u>-</u>	<u>990,000</u>	<u>990,000</u>	<u>990,000</u>
Expenditures and other financing uses				
Other costs	-	14,088	14,088	23,855
Purchased professional & technical services	-	49,805	49,805	86,145
Land improvements	-	-	-	880,000
Total expenditures	<u>-</u>	<u>63,893</u>	<u>63,893</u>	<u>990,000</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ 926,107</u>	<u>\$ 926,107</u>	<u>\$ -</u>
Additional project information				
Project number	4350-030-16-1000			
Grant date	N/A			
Bonds authorization date	3/22/2016			
Bonds authorized	\$ 990,000			
Bonds issued	\$ 990,000			
Original authorized cost	\$ 990,000			
Revised authorized cost	\$ 990,000			
Percentage completion	6%			

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Paving & Stair Reconstruction at Readington Middle School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Proceeds from bond issue	\$ -	\$ -	\$ -	\$ 670,000
Total revenues	-	-	-	670,000
Expenditures and other financing uses				
Other costs	-	9,289	9,289	10,000
Purchased professional & technical services	-	32,725	32,725	55,000
Land improvements	-	-	-	605,000
Total expenditures	-	42,014	42,014	670,000
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ (42,014)	\$ (42,014)	\$ -
Additional project information				
Project number		4350-050-16-1000		
Grant date		N/A		
Bonds authorization date		6/14/2016		
Bonds authorized		\$ 670,000		
Bonds issued		\$ -		
Original authorized cost		\$ 670,000		
Revised authorized cost		\$ 670,000		
Percentage completion		6%		

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Stair Reconstruction at Three Bridges Elementary School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - Proceeds from bond issue	\$ -	\$ -	\$ -	\$ 120,000
Total revenues	-	-	-	120,000
Expenditures and other financing uses				
Other costs	-	1,250	1,250	12,875
Purchased professional & technical services	-	8,618	8,618	24,625
Land improvements	-	-	-	82,500
Total expenditures	-	9,868	9,868	120,000
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ (9,868)	\$ (9,868)	\$ -

Additional project information

Project number	4350-060-16-1000
Grant date	N/A
Bonds authorization date	6/14/2016
Bonds authorized	\$ 120,000
Bonds issued	\$ -
Original authorized cost	\$ 120,000
Revised authorized cost	\$ 120,000
Percentage completion	8%

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fund Net Position
Enterprise Funds
June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 142,003	\$ 16,988	\$ 4,760	\$ 163,751
Receivables from other governments				
State	326	-	-	326
Federal	5,387	-	-	5,387
Inventory	7,960	-	-	7,960
Total current assets	<u>155,676</u>	<u>16,988</u>	<u>4,760</u>	<u>177,424</u>
Noncurrent assets				
Capital assets	151,333	-	-	151,333
Less: accumulated depreciation	121,365	-	-	121,365
Total noncurrent assets	<u>29,968</u>	<u>-</u>	<u>-</u>	<u>29,968</u>
Total assets	<u>185,644</u>	<u>16,988</u>	<u>4,760</u>	<u>207,392</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	-	1,280	1,280
Due to other funds	5,713	-	-	5,713
Unearned revenues - Prepaid sales	26,155	10,317	3,010	39,482
Total liabilities	<u>31,868</u>	<u>10,317</u>	<u>4,290</u>	<u>46,475</u>
NET POSITION				
Net investment in capital assets	29,968	-	-	29,968
Unrestricted	123,808	6,671	470	130,949
Total net position	<u>\$ 153,776</u>	<u>\$ 6,671</u>	<u>\$ 470</u>	<u>\$ 160,917</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating revenues				
Charges for services				
Daily sales - Reimbursable programs	\$ 250,976	\$ -	\$ -	\$ 250,976
Daily sales - Non-reimbursable programs	160,708	-	-	160,708
Summer program fees	-	16,263	6,220	22,483
Total operating revenues	<u>411,684</u>	<u>16,263</u>	<u>6,220</u>	<u>434,167</u>
Operating expenses				
Cost of sales - Reimbursable programs	168,003	-	-	168,003
Cost of sales - Non-reimbursable programs	88,105	-	-	88,105
Salaries	155,122	9,490	6,140	170,752
Employee benefits	40,048	792	406	41,246
Purchased property services	10,722	-	-	10,722
Insurance	2,785	-	-	2,785
Management fee	11,008	-	-	11,008
Other purchased services	7,024	-	-	7,024
General supplies		681		681
Depreciation	5,011	-	-	5,011
Miscellaneous	790	-	-	790
Total operating expenses	<u>488,618</u>	<u>10,963</u>	<u>6,546</u>	<u>506,127</u>
Operating income (loss)	<u>(76,934)</u>	<u>5,300</u>	<u>(326)</u>	<u>(71,960)</u>
Non-operating revenues (expenses)				
State sources				
State School Lunch Program	4,498	-	-	4,498
Federal sources				
National School Lunch Program				
Cash assistance	76,697	-	-	76,697
Non cash assistance (commodities)	30,411	-	-	30,411
Interest earned on investments	513	-	-	513
Total non-operating revenues (expenses)	<u>112,119</u>	<u>-</u>	<u>-</u>	<u>112,119</u>
Change in net position	35,185	5,300	(326)	40,159
Net position, beginning	<u>118,591</u>	<u>1,371</u>	<u>796</u>	<u>120,758</u>
Net position, ending	<u>\$ 153,776</u>	<u>\$ 6,671</u>	<u>\$ 470</u>	<u>\$ 160,917</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
June 30, 2016

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash flows from operating activities				
Receipts from customers (net)	\$ 413,272	\$ 11,655	\$ 3,900	\$ 428,827
Payments to employees	(9,270)	(9,490)	(4,860)	(23,620)
Payments for employee benefits	(756)	(792)	(406)	(1,954)
Payments to Food Service Management Co.	(457,206)		-	(457,206)
Payments to vendors (net)	(15,707)	(681)	-	(16,388)
Net cash provided by (used for) operating activities	<u>(69,667)</u>	<u>692</u>	<u>(1,366)</u>	<u>(70,341)</u>
Cash flows from non-capital financing activities				
State sources	4,708	-	-	4,708
Federal sources	78,212	-	-	78,212
General fund interfund activity	34,206	-	-	34,206
Net cash provided by (used for) noncapital financing activities	<u>117,126</u>	<u>-</u>	<u>-</u>	<u>117,126</u>
Cash flows from investing activities				
Interest earned on investments	513	-	-	513
Net cash provided by (used for) investing activities	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>
Net increase (decrease) in cash and cash equivalents	47,972	692	(1,366)	47,298
Cash and cash equivalents, beginning	<u>94,031</u>	<u>16,296</u>	<u>6,126</u>	<u>116,453</u>
Cash and cash equivalents, ending	<u>\$ 142,003</u>	<u>\$ 16,988</u>	<u>\$ 4,760</u>	<u>\$ 163,751</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (76,934)	\$ 5,300	\$ (326)	\$ (71,960)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	5,011	-	-	5,011
Federal Food Donation Program	30,411	-	-	30,411
(Increase) decrease in inventory	(2,522)	-	-	(2,522)
Increase (decrease) in accounts payable	(28,756)	(385)	1,280	(27,861)
Increase (decrease) in unearned revenues	3,123	(4,223)	(2,320)	(3,420)
Net cash provided by (used for) operating activities	<u>\$ (69,667)</u>	<u>\$ 692</u>	<u>\$ (1,366)</u>	<u>\$ (70,341)</u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 12,400	\$ 59,604	\$ 340,449	\$ 412,453
Total assets	\$ 12,400	\$ 59,604	\$ 340,449	\$ 412,453
Liabilities				
Accumulated Interest	\$ -	\$ -	\$ 2	\$ 2
Due to students groups	-	59,604	-	59,604
Payroll deductions & withholdings	-	-	340,447	340,447
Total liabilities	-	59,604	340,449	400,053
Net position				
Reserve for scholarship funds	\$ 12,400	\$ -	\$ -	\$ 12,400

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Private Purpose Scholarship Fund
For the Fiscal Year Ended June 30, 2016

Additions	
Scholarship contributions	\$ 1,330
Total additions	<u>1,330</u>
Deductions	
Scholarships awarded	<u>5,747</u>
Change in net position	(4,417)
Net position - beginning of the year	<u>16,817</u>
Net position - end of the year	<u><u>\$ 12,400</u></u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 60,101	\$ 160,580	\$ 161,077	\$ 59,604
Total assets	\$ 60,101	\$ 160,580	\$ 161,077	\$ 59,604
Liabilities				
Due to Student Groups				
Holland Brook School	\$ 19,446	\$ 48,302	\$ 51,042	\$ 16,706
Readington Middle School	24,458	83,887	79,824	28,521
Three Bridges School	6,736	10,740	11,246	6,230
Whitehouse School	9,461	17,651	18,965	8,147
Total liabilities	\$ 60,101	\$ 160,580	\$ 161,077	\$ 59,604

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 297,741	\$ 21,209,776	\$ 21,167,068	\$ 340,449
Total assets	\$ 297,741	\$ 21,209,776	\$ 21,167,068	\$ 340,449
Liabilities				
Payroll deductions and withholdings	\$ 297,739	\$ 21,209,776	\$ 21,167,068	\$ 340,447
Accumulated Interest	2	-	-	2
Total liabilities	\$ 297,741	\$ 21,209,776	\$ 21,167,068	\$ 340,449

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

READINGTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
Refunding School Bonds of 2006	03/15/2011	\$ 10,000,000	07/15/16	\$ 35,000	4.00%	\$ -	\$ -	\$ -	\$ -
			07/15/17	35,000					
			07/15/18	40,000					
			07/15/19	780,000					
			07/15/20	1,095,000					
			07/15/21	1,135,000					
			07/15/22	1,190,000					
			07/15/23	1,240,000					
			07/15/24	1,295,000					
			07/15/25	1,355,000					
			07/15/26	1,355,000					
Refunding School Bonds of 2010	11/24/10	5,415,000	07/15/16	850,000	3.00%	-	-	-	-
			07/15/17	535,000	4.00%	-	-	-	-
			-	350,000	4.50%	-	-	-	-
			07/15/18	775,000	4.00%	-	-	-	-
			-	160,000	5.00%	-	-	-	-
			07/15/19	235,000	3.50%	3,725,000	-	820,000	2,905,000

See independent auditor's report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds (continued)
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
Refunding School Bonds of 2013	10/09/13	\$ 7,905,000	01/01/17	\$ 525,000	3.00%	\$ -	\$ -	\$ -	\$ -
		-	01/01/18	540,000	3.63%	-	-	-	-
		-	01/01/19	560,000	3.87%	-	-	-	-
		-	01/01/20	580,000	4.00%	-	-	-	-
		-	01/01/21	605,000	3.00%	-	-	-	-
		-	01/01/22	625,000	3.00%	-	-	-	-
		-	01/01/23	640,000	3.00%	-	-	-	-
		-	01/01/24	660,000	3.13%	-	-	-	-
		-	01/01/25	685,000	3.25%	-	-	-	-
		-	01/01/26	700,000	3.38%	-	-	-	-
		-	01/01/27	725,000	3.50%	7,360,000	-	515,000	6,845,000
General Obligation Bonds of 2016	03/22/16	990,000	07/15/17	990,000	1.40%	-	990,000	-	990,000
						<u>\$ 20,675,000</u>	<u>\$ 990,000</u>	<u>\$ 1,370,000</u>	<u>\$ 20,295,000</u>

See independent auditor's report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Debt service tax levy	\$ 2,037,036	\$ -	\$ 2,037,036	\$ 2,037,036	\$ -
State sources					
Debt service aid	7,169	-	7,169	7,169	-
Total revenues	<u>2,044,205</u>	<u>-</u>	<u>2,044,205</u>	<u>2,044,205</u>	<u>-</u>
EXPENDITURES					
Regular debt service					
Redemption of bond principal	1,370,000	-	1,370,000	1,370,000	-
Interest on bonds	749,963	-	749,963	749,963	-
Total expenditures	<u>2,119,963</u>	<u>-</u>	<u>2,119,963</u>	<u>2,119,963</u>	<u>-</u>
Excess (deficiency) of revenues					
Over (under) expenditures	(75,758)	-	(75,758)	(75,758)	-
Fund balance, July 1	<u>75,758</u>	<u>-</u>	<u>75,758</u>	<u>75,758</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (deficiency) of revenue					
Over (under) expenditures					
Budgeted fund balance	<u>\$ (75,758)</u>	<u>\$ -</u>	<u>\$ (75,758)</u>	<u>\$ (75,758)</u>	<u>\$ -</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
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 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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 to 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	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

READINGTON TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 14,039,908	\$ 15,381,288	\$ 18,148,935	\$ 18,354,636	\$ 19,168,645	\$ 18,823,939	\$ 18,900,825	\$ 19,567,989	\$ 21,148,418	\$ 21,870,825
Restricted	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140
Unrestricted	3,314,361	1,126,691	1,415,899	965,065	725,876	1,123,822	784,125	(7,028,548)	(7,173,776)	(7,320,859)
Total governmental activities	<u>\$ 19,286,318</u>	<u>\$ 20,829,488</u>	<u>\$ 22,444,411</u>	<u>\$ 22,949,937</u>	<u>\$ 23,174,157</u>	<u>\$ 24,456,775</u>	<u>\$ 24,956,155</u>	<u>\$ 17,480,083</u>	<u>\$ 18,874,149</u>	<u>\$ 19,858,106</u>
Business-type activities										
Net investment in capital assets	\$ 29,571	\$ 23,378	\$ 29,764	\$ 37,872	\$ 30,263	\$ 43,297	\$ 45,550	\$ 39,990	\$ 34,979	\$ 29,968
Unrestricted	234,823	263,393	284,554	252,121	284,185	253,785	200,899	117,147	85,779	130,949
Total business-type activities	<u>\$ 264,394</u>	<u>\$ 286,771</u>	<u>\$ 314,318</u>	<u>\$ 289,993</u>	<u>\$ 314,448</u>	<u>\$ 297,082</u>	<u>\$ 246,449</u>	<u>\$ 157,137</u>	<u>\$ 120,758</u>	<u>\$ 160,917</u>
District-wide										
Net investment in capital assets	\$ 14,069,479	\$ 15,404,666	\$ 18,178,699	\$ 18,392,508	\$ 19,198,908	\$ 18,867,236	\$ 18,946,375	\$ 19,607,979	\$ 21,183,397	\$ 21,900,793
Restricted	1,932,049	4,321,509	2,879,577	3,630,236	3,279,636	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140
Unrestricted	3,549,184	1,390,084	1,700,453	1,217,186	1,010,061	1,377,607	985,024	(6,911,401)	(7,087,997)	(7,189,910)
Total district-wide	<u>\$ 19,550,712</u>	<u>\$ 21,116,259</u>	<u>\$ 22,758,729</u>	<u>\$ 23,239,930</u>	<u>\$ 23,488,605</u>	<u>\$ 24,753,857</u>	<u>\$ 25,202,604</u>	<u>\$ 17,637,220</u>	<u>\$ 18,994,907</u>	<u>\$ 20,019,023</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 13,675,467	\$ 13,510,602	\$ 13,190,998	\$ 13,370,985	\$ 12,978,633	\$ 12,797,258	\$ 13,434,484	\$ 12,639,720	\$ 14,792,796	\$ 15,532,061
Special education	3,234,525	3,834,363	3,869,467	3,990,987	4,256,991	4,357,246	4,600,346	4,492,434	5,374,421	5,797,724
Other special education	708,048	822,782	1,068,158	1,138,559	1,218,113	1,233,805	1,160,214	1,178,118	1,354,506	1,410,624
Other instruction	201,116	243,486	300,984	288,351	307,976	367,467	369,819	384,880	381,331	425,542
Support services										
Tuition	689,358	794,673	533,058	553,980	724,867	495,464	614,482	708,273	787,923	583,148
Student & instruction related services	4,225,803	4,629,712	4,817,680	5,135,703	4,595,912	4,841,487	5,015,386	5,129,190	6,189,717	6,695,902
General & business administrative services	1,773,338	1,709,839	1,690,800	1,731,386	1,714,006	1,786,567	1,351,217	1,647,645	1,621,382	1,792,644
School administration	1,583,155	1,611,821	1,544,345	1,694,551	1,635,008	1,654,804	1,725,208	1,690,141	1,964,952	2,101,185
Plant operations & maintenance	2,917,148	3,045,023	3,134,763	3,201,640	2,492,943	2,360,481	2,450,613	2,556,242	2,413,523	2,505,463
Pupil transportation	1,945,539	2,364,779	2,413,981	2,163,025	2,124,628	1,947,401	2,035,908	2,054,985	1,714,418	1,571,941
Special schools	-	-	-	16,072	-	-	-	-	-	-
Transfer to Charter schools	17,563	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,100,234	1,233,751	1,222,922	1,147,982	1,062,815	1,047,243	1,014,502	809,984	842,475	802,887
Total governmental activities expenses	<u>32,071,294</u>	<u>33,800,831</u>	<u>33,787,156</u>	<u>34,433,221</u>	<u>33,111,892</u>	<u>32,889,223</u>	<u>33,772,179</u>	<u>33,291,612</u>	<u>37,437,444</u>	<u>39,219,121</u>
Business-type activities										
Food service	654,574	652,762	661,060	686,536	649,107	657,727	613,691	583,311	567,851	488,618
Summer program	-	35,590	30,352	24,341	21,617	27,067	29,760	23,962	20,901	17,509
Total business-type activities	<u>654,574</u>	<u>688,352</u>	<u>691,412</u>	<u>710,877</u>	<u>670,724</u>	<u>684,794</u>	<u>643,451</u>	<u>607,273</u>	<u>588,752</u>	<u>506,127</u>
Total district expenses	<u>\$ 32,725,868</u>	<u>\$ 34,489,183</u>	<u>\$ 34,478,568</u>	<u>\$ 35,144,098</u>	<u>\$ 33,782,616</u>	<u>\$ 33,574,017</u>	<u>\$ 34,415,630</u>	<u>\$ 33,898,885</u>	<u>\$ 38,026,196</u>	<u>\$ 39,725,248</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ 13,983	\$ 13,782	\$ 23,050	\$ 21,257	\$ 30,187	\$ 22,832	\$ 54,359	\$ 76,222	\$ 51,592
Special education instruction	-	-	-	-	-	22,418	50,263	99,573	43,193	16,841
Student & instruction related services	-	398	157	474	40	-	-	-	-	-
General & business administrative services	9	41	4,656	2,851	50,000	50,000	30,000	116,750	117,918	120,276
Plant operations & maintenance	77,373	57,963	52,317	56,113	52,756	48,598	63,965	76,285	54,191	52,186
Pupil transportation	19,561	23,775	28,920	33,197	5,985	21,028	25,160	4,285	31,794	11,881
Operating grants & contributions	542,850	802,395	544,617	703,907	681,329	500,139	535,302	507,168	564,735	440,978
Capital grants & contributions	-	-	230,036	263,681	265,594	43,716	-	32,530	477,251	64,689
Total governmental activities program revenues	<u>639,793</u>	<u>898,555</u>	<u>874,485</u>	<u>1,083,273</u>	<u>1,076,961</u>	<u>716,086</u>	<u>727,522</u>	<u>890,950</u>	<u>1,365,304</u>	<u>758,443</u>
Business-type activities										
Charges for services										
Food service	585,096	568,271	581,848	555,039	563,547	527,490	461,034	397,259	418,003	411,684
Summer program	-	40,042	33,350	24,650	21,220	23,935	27,618	21,225	20,350	22,483
Operating grants & contributions	96,414	99,913	96,710	105,648	109,288	113,827	103,253	98,764	113,326	111,606
Total business-type activities program revenues	<u>681,510</u>	<u>708,226</u>	<u>711,908</u>	<u>685,337</u>	<u>694,055</u>	<u>665,252</u>	<u>591,905</u>	<u>517,248</u>	<u>551,679</u>	<u>545,773</u>
Total district-program revenues	<u>\$ 1,321,303</u>	<u>\$ 1,606,781</u>	<u>\$ 1,586,393</u>	<u>\$ 1,768,610</u>	<u>\$ 1,771,016</u>	<u>\$ 1,381,338</u>	<u>\$ 1,319,427</u>	<u>\$ 1,408,198</u>	<u>\$ 1,916,983</u>	<u>\$ 1,304,216</u>
Net (expense) revenues										
Governmental activities	\$ (31,431,501)	\$ (32,902,276)	\$ (32,912,671)	\$ (33,349,948)	\$ (32,034,931)	\$ (32,173,137)	\$ (33,044,657)	\$ (32,400,662)	\$ (36,072,140)	\$ (38,460,678)
Business-type activities	26,936	19,874	20,496	(25,540)	23,331	(19,542)	(51,546)	(90,025)	(37,073)	39,646
Total district-wide net expenses	<u>\$ (31,404,565)</u>	<u>\$ (32,882,402)</u>	<u>\$ (32,892,175)</u>	<u>\$ (33,375,488)</u>	<u>\$ (32,011,600)</u>	<u>\$ (32,192,679)</u>	<u>\$ (33,096,203)</u>	<u>\$ (32,490,687)</u>	<u>\$ (36,109,213)</u>	<u>\$ (38,421,032)</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 27,923,891	\$ 27,023,340	\$ 28,085,596	\$ 27,038,539	\$ 27,703,081	\$ 27,426,050	\$ 26,586,701	\$ 26,582,012	\$ 26,582,012	\$ 26,643,599
Taxes levied for debt service	2,112,486	2,000,212	2,103,521	2,118,903	1,889,894	2,183,349	2,194,238	2,182,408	2,098,623	2,037,036
Unrestricted grants & contributions	4,857,784	5,092,380	4,219,457	4,617,847	2,995,051	3,660,562	4,560,512	4,157,942	8,644,779	10,549,409
Investment earnings	257,320	258,834	86,279	28,904	25,829	51,050	30,540	31,822	30,984	33,091
Miscellaneous income	25,032	72,558	26,253	30,116	89,905	117,490	144,537	136,924	109,808	155,465
Special item-proceeds from insurance claim	-	-	-	-	-	-	25,448	-	-	-
Special item- payment to refunding bond agent	(546,679)	-	-	-	(444,609)	-	-	-	-	-
Special item- gain (loss) on disposition of assets	3,371	(1,878)	6,488	21,165	-	17,254	2,061	6,565	-	26,035
Total governmental activities	<u>34,633,205</u>	<u>34,445,446</u>	<u>34,527,594</u>	<u>33,855,474</u>	<u>32,259,151</u>	<u>33,455,755</u>	<u>33,544,037</u>	<u>33,097,673</u>	<u>37,466,206</u>	<u>39,444,635</u>
Business-type activities										
Investment earnings	-	2,503	2,384	1,102	1,045	2,176	913	707	527	513
Miscellaneous income	-	-	4,667	113	79	-	-	6	167	-
Total business-type activities	<u>-</u>	<u>2,503</u>	<u>7,051</u>	<u>1,215</u>	<u>1,124</u>	<u>2,176</u>	<u>913</u>	<u>713</u>	<u>694</u>	<u>513</u>
Total district-wide	<u>\$ 34,633,205</u>	<u>\$ 34,447,949</u>	<u>\$ 34,534,645</u>	<u>\$ 33,856,689</u>	<u>\$ 32,260,275</u>	<u>\$ 33,457,931</u>	<u>\$ 33,544,950</u>	<u>\$ 33,098,386</u>	<u>\$ 37,466,900</u>	<u>\$ 39,445,148</u>
Change in net position										
Governmental activities	\$ 3,201,704	\$ 1,543,170	\$ 1,614,923	\$ 505,526	\$ 224,220	\$ 1,282,618	\$ 499,380	\$ 697,011	\$ 1,394,066	\$ 983,957
Business-type activities	26,936	22,377	27,547	(24,325)	24,455	(17,366)	(50,633)	(89,312)	(36,379)	40,159
Total district	<u>\$ 3,228,640</u>	<u>\$ 1,565,547</u>	<u>\$ 1,642,470</u>	<u>\$ 481,201</u>	<u>\$ 248,675</u>	<u>\$ 1,265,252</u>	<u>\$ 448,747</u>	<u>\$ 607,699</u>	<u>\$ 1,357,687</u>	<u>\$ 1,024,116</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 404,863	\$ 926,910	\$ 1,139,005	\$ 1,215,750	\$ 1,295,601	\$ 1,342,586	\$ 1,395,931	\$ 1,459,832	\$ 1,606,546	\$ 1,696,369
Committed	252,388	2,991,100	2,452,968	1,011,553	1,701,127	3,592,253	4,390,276	2,944,369	3,619,131	4,642,308
Assigned	3,481,370	930,692	1,059,129	536,084	267,295	953,701	408,754	556,671	182,693	250,268
Unassigned	562,188	583,882	517,470	464,788	647,356	445,833	446,835	582,415	606,312	605,781
Total general fund	<u>\$ 4,700,809</u>	<u>\$ 5,432,584</u>	<u>\$ 5,168,572</u>	<u>\$ 3,228,175</u>	<u>\$ 3,911,379</u>	<u>\$ 6,334,373</u>	<u>\$ 6,641,796</u>	<u>\$ 5,543,287</u>	<u>\$ 6,014,682</u>	<u>\$ 7,194,726</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 1,667,156	\$ 1,331,766	\$ 436,505	\$ 2,628,165	\$ 1,585,938	\$ 901,465	\$ 867,665	\$ 1,920,494	\$ 1,204,618	\$ 1,591,939
Assigned, reported in										
Debt service fund	139,471	8,580	41	455	2,508	15,296	13,264	75,779	75,758	-
Total all other governmental funds	<u>\$ 1,806,627</u>	<u>\$ 1,340,346</u>	<u>\$ 436,546</u>	<u>\$ 2,628,620</u>	<u>\$ 1,588,446</u>	<u>\$ 916,761</u>	<u>\$ 880,929</u>	<u>\$ 1,996,273</u>	<u>\$ 1,280,376</u>	<u>\$ 1,591,939</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 30,036,377	\$ 29,023,552	\$ 30,189,117	\$ 29,157,442	\$ 29,592,975	\$ 29,609,399	\$ 28,780,939	\$ 28,764,420	\$ 28,680,635	\$ 28,680,635
Tuition charges	-	8,921	13,650	23,050	21,104	52,605	70,290	153,932	119,415	68,433
Transportation fees	18,266	23,327	28,920	32,058	2,340	3,240	3,976	2,740	30,651	5,300
Interest earnings	257,320	258,834	86,279	28,904	25,829	51,050	30,540	31,822	30,984	33,091
Miscellaneous	94,081	70,373	89,887	110,723	107,123	105,781	143,231	128,390	127,875	135,272
State sources	4,879,757	5,101,579	4,222,290	4,618,592	2,996,620	3,596,796	4,562,436	4,157,942	4,666,750	5,101,995
State sources - capital projects	-	-	230,036	263,681	265,594	43,716	-	32,530	477,251	64,689
Federal sources	518,436	778,437	519,609	667,274	666,366	550,742	519,018	506,572	515,143	430,168
Total revenues	35,804,237	35,265,023	35,379,788	34,901,724	33,677,951	34,013,329	34,110,430	33,778,348	34,648,704	34,519,583
Expenditures										
Instruction										
Regular instruction	9,961,869	9,619,521	9,717,006	9,473,762	9,197,202	8,923,049	9,248,836	8,865,777	8,561,728	8,409,875
Special education instr.	2,302,977	2,552,239	2,752,680	2,753,078	2,837,376	2,935,415	3,077,130	3,060,710	3,149,810	3,184,856
Other special instruction	501,983	572,837	752,258	799,152	836,210	834,278	757,010	771,403	728,214	731,952
School sponsored/other instructional	158,377	187,533	229,070	210,693	219,503	257,875	262,570	275,295	265,499	279,355
Support services										
Tuition	404,181	388,057	112,998	22,972	342,118	186,502	205,805	347,447	435,836	275,801
Student & inst. related services	2,952,976	3,259,066	3,520,906	3,655,341	3,253,594	3,390,964	3,451,729	3,566,545	3,682,757	3,736,526
General administration	860,907	688,095	679,115	644,047	681,554	610,822	537,283	587,730	538,087	584,315
School admin. services	1,135,626	1,130,523	1,181,275	1,208,303	1,142,257	1,173,417	1,217,813	1,169,356	1,179,916	1,214,701
Central services	445,378	458,036	472,596	456,892	447,153	454,006	418,120	432,803	439,609	433,996
Administrative information technology	131,882	179,676	184,359	192,899	141,994	63,445	30,307	72,272	70,358	74,915
Plant operations & maintenance	2,572,666	2,688,078	2,748,294	2,750,409	2,208,103	2,071,894	2,178,294	2,300,029	2,133,662	2,171,537
Pupil transportation	1,736,452	1,908,135	1,927,922	1,941,299	1,901,384	1,716,881	1,818,183	1,867,199	1,252,666	1,094,538
Employee benefits	3,769,832	4,010,776	4,269,281	4,892,720	4,601,797	4,474,216	4,452,886	4,429,031	5,055,633	4,923,510
On-behalf TPAF pension & Social Security contrbt	2,648,848	2,814,709	2,001,933	2,024,497	2,053,485	2,394,144	3,081,345	2,571,355	2,975,277	3,477,161
Capital outlay	456,517	1,365,238	487,562	320,360	80,839	18,521	288,060	661,251	493,343	522,825
Special schools	-	-	-	16,072	-	-	-	-	-	-
Transfers to charter schools	17,563	-	-	-	-	-	-	-	-	-

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenditures (cont'd)										
Special revenue funds	\$ 542,850	\$ 802,395	\$ 544,617	\$ 703,907	\$ 681,329	\$ 500,139	\$ 535,302	\$ 507,168	\$ 564,735	\$ 440,978
Capital projects	351,721	335,390	2,853,297	436,021	1,211,976	37,037	33,800	176,406	1,193,127	319,761
Debt service										
Principal	1,000,330	901,130	916,977	3,326,837	1,163,763	1,164,737	1,230,786	1,331,887	1,315,000	1,370,000
Interest & other charges	1,143,202	1,238,126	1,203,254	1,215,112	1,107,132	1,071,932	1,041,089	873,119	857,949	817,774
Total expenditures	<u>33,096,137</u>	<u>35,099,560</u>	<u>36,555,400</u>	<u>37,044,373</u>	<u>34,108,769</u>	<u>32,279,274</u>	<u>33,866,348</u>	<u>33,866,783</u>	<u>34,893,206</u>	<u>34,064,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,708,100</u>	<u>165,463</u>	<u>(1,175,612)</u>	<u>(2,142,649)</u>	<u>(430,818)</u>	<u>1,734,055</u>	<u>244,082</u>	<u>(88,435)</u>	<u>(244,502)</u>	<u>455,207</u>
Other financing sources (uses)										
Deposit on sale of bonds										
Proceeds from bond issue & refunding bond issue	10,000,000	-	-	-	5,415,000	-	-	7,905,000	-	990,000
Premium on bond issue	22,326	-	-	-	458,457	-	-	279,024	-	-
Temporary notes financed in debt service fund	-	-	-	2,364,000	-	-	-	-	-	-
Payments to refunding bond escrow agent	(9,902,679)	-	-	-	(5,799,609)	-	-	(8,085,319)	-	-
Proceeds from disposition of capital assets	23,000	54,000	7,800	30,326	-	17,254	2,061	6,565	-	46,400
Proceeds from sale or trade-in of supplies	-	46,031	-	-	-	-	-	-	-	-
Insurance claim proceeds for flooding damage	-	-	-	-	-	-	25,448	-	-	-
Total other financing sources (uses)	<u>142,647</u>	<u>100,031</u>	<u>7,800</u>	<u>2,394,326</u>	<u>73,848</u>	<u>17,254</u>	<u>27,509</u>	<u>105,270</u>	<u>-</u>	<u>1,036,400</u>
Net change in fund balances	<u>\$ 2,850,747</u>	<u>\$ 265,494</u>	<u>\$ (1,167,812)</u>	<u>\$ 251,677</u>	<u>\$ (356,970)</u>	<u>\$ 1,751,309</u>	<u>\$ 271,591</u>	<u>\$ 16,835</u>	<u>\$ (244,502)</u>	<u>\$ 1,491,607</u>
Debt service as a percentage of non-capital expenditures	7.11%	6.84%	6.82%	14.31%	7.43%	7.46%	7.26%	7.15%	7.00%	7.05%

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 243,749	\$ 250,932	\$ 85,644	\$ 28,449	\$ 25,708	\$ 51,050	\$ 25,829	\$ 31,822	\$ 30,984	\$ 33,091
Tuition	-	8,921	13,650	23,050	21,104	52,605	21,104	153,932	119,415	68,434
Transportation fees	18,266	23,327	28,920	32,058	2,340	3,240	2,340	2,740	30,651	5,300
Building use rental income	77,373	40,351	47,948	53,224	46,821	39,495	48,701	51,842	43,863	44,585
Prior year refunds	7,805	11,102	11,305	149	765	7,875	2,738	14,616	-	-
Bid spec fees	-	-	4,600	2,800	-	-	-	-	-	-
Insurance claims	-	-	-	338	-	-	-	-	-	-
Insurance refunds/rebates	-	-	-	15,037	-	-	-	-	-	-
Fines	1,257	-	-	-	-	-	-	-	-	-
Recycling proceeds	-	-	-	1,225	-	-	-	-	-	-
Sale of surplus supplies	-	-	-	-	-	-	4,873	-	247	6,052
Donations	-	-	3,136	-	-	-	26,000	-	-	-
Prior year outstanding checks c	-	3,578	300	562	3,112	35	19	57	-	-
Prior year accounts payable canceled	-	-	-	690	-	-	-	-	-	-
E-Rate telephone rebates	-	-	-	-	43,026	42,498	46,520	43,878	33,948	73,240
Miscellaneous										
Account balances canceled	-	-	68	-	-	215	-	-	-	-
Refunds	-	255	135	-	-	2,500	-	-	-	360
Other	205	328	220	810	5	-	-	7,857	25	224
Annual totals	\$ 348,655	\$ 338,794	\$ 195,926	\$ 158,392	\$ 142,881	\$ 199,513	\$ 178,124	\$ 306,744	\$ 259,133	\$ 231,286

Source: District Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 36,031,500	\$ 34,914,260	\$ 33,696,200	\$ 34,795,800	\$ 27,970,300	\$ 25,304,300	\$ 35,670,602	\$ 36,540,300	\$ 35,541,000	\$ 31,194,600
Residential	2,137,249,000	2,151,444,900	2,154,643,100	2,172,275,700	2,075,417,700	2,024,958,200	1,989,936,800	2,007,826,300	2,023,142,400	2,036,191,100
Farm regular	134,808,000	138,461,600	141,413,100	140,856,600	136,828,300	137,991,300	133,364,572	128,271,821	126,445,100	123,306,100
Q farm	4,665,174	4,627,500	4,636,337	4,277,344	4,132,562	4,197,992	4,171,297	4,235,707	4,213,574	4,726,655
Commercial	479,132,100	452,457,800	454,458,300	434,530,900	436,529,600	435,330,900	432,721,600	429,259,800	366,926,100	342,902,000
Industrial	21,709,500	50,137,700	51,437,700	49,100,200	52,183,200	51,523,000	51,486,800	51,486,800	51,486,800	53,386,800
Apartment	2,067,600	1,281,400	1,281,400	1,193,900	1,193,900	1,111,400	1,368,100	1,368,100	1,368,100	1,368,100
Total assessed value	2,815,662,874	2,833,325,160	2,841,566,137	2,837,030,444	2,734,255,562	2,680,417,092	2,648,719,771	2,658,988,828	2,609,123,074	2,593,077,371
Public utilities (a)	5,248,369	4,927,162	4,171,952	4,581,241	6,296,043	4,845,327	4,355,257	4,447,256	257,705	257,705
Net valuation taxable	\$ 2,820,911,243	\$ 2,838,252,322	\$ 2,845,738,089	\$ 2,841,611,685	\$ 2,740,551,605	\$ 2,685,262,419	\$ 2,653,075,028	\$ 2,663,436,084	\$ 2,609,380,779	\$ 2,593,335,076
Estimated actual county equalized value	\$ 3,897,391,775	\$ 3,802,175,449	\$ 3,659,066,138	\$ 3,659,066,138	\$ 3,480,065,530	\$ 3,207,815,577	\$ 3,172,017,011	\$ 3,105,323,638	\$ 2,980,105,960	\$ 3,078,505,532
Percentage of net valuation to estimated actual equalized value	72.38%	74.65%	77.77%	77.66%	78.75%	83.71%	83.64%	85.77%	87.56%	84.24%
Total direct school tax rate (b)	\$ 1.05	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.08	\$ 1.09	\$ 1.09	\$ 1.08	\$ 1.10	\$ 1.11

Source: Municipal Tax Assessor

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 the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2008	0.97	0.07	1.04	0.63	0.40	0.45	2.52
2009	0.97	0.07	1.04	0.65	0.44	0.44	2.57
2010	0.97	0.07	1.04	0.68	0.45	0.43	2.60
2011	1.00	0.08	1.08	0.71	0.45	0.43	2.67
2012	1.01	0.08	1.09	0.69	0.47	0.42	2.67
2013	1.01	0.08	1.09	0.70	0.51	0.43	2.73
2014	1.00	0.08	1.08	0.69	0.52	0.43	2.72
2015	1.02	0.08	1.10	0.69	0.54	0.42	2.75
2016	1.03	0.08	1.11	0.70	0.55	0.44	2.80

Sources: Municipal Tax Collector

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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (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.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Merck & Co	\$ 126,457,230	1	4.88%	\$ 228,751,804	1	8.11%
Federal Insurance Co	55,507,800	2	2.14%	63,235,000	2	2.24%
Toll NJ I LLC	15,944,414	3	0.61%	-		
Lamington River Farms	12,203,270	4	0.47%	14,525,500	3	0.51%
Individual Property Owner #1	9,867,171	5	0.38%	-		
Whitehouse Mall	8,274,600	6	0.32%	6,587,400	6	0.23%
Transcontinental Gas Pipeline	6,587,400	7	0.25%	8,334,400	4	0.30%
Somerville Associates	5,700,000	8	0.22%	5,700,000	7	0.20%
Salem Realty II LLC	5,540,000	9	0.21%	-		0.00%
Bishop & Bishop Land Partnership	5,539,700	10	0.21%	5,539,700	8	0.20%
Stanton Golf Properties	-		0.00%	7,492,500	5	0.27%
Individual Property Owner #2	-		0.00%	5,500,000	9	0.19%
Readington Farms Inc.	-		0.00%	5,370,500	10	0.19%
	<u>\$ 251,621,585</u>		<u>9.69%</u>	<u>\$ 351,036,804</u>		<u>12.44%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2006	\$ 67,449,810	\$ 66,498,988	98.59%
2007	70,631,965	69,586,821	98.52%
2008	72,004,045	70,898,947	98.47%
2009	73,577,354	72,475,977	98.50%
2010	74,377,407	73,315,883	98.57%
2011	73,420,299	72,519,236	98.77%
2012	71,821,194	70,769,184	98.54%
2013	72,657,276	71,689,623	98.67%
2014	72,644,899	71,788,251	98.82%
2015	72,230,387	71,469,125	98.95%

Source: District records including the Certificate and Report of School Taxes (A4F form)

- (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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2007	\$ 29,607,117					\$ 29,607,117	2.84%	\$ 1,837
2008	28,705,987					28,705,987	2.61%	1,783
2009	27,789,010			2,364,000		30,153,010	2.71%	1,868
2010	26,826,173					26,826,173	2.52%	1,659
2011	25,722,410					25,722,410	2.40%	1,595
2012	24,557,673					24,557,673	2.18%	1,530
2013	23,326,887					23,326,887	1.96%	1,461
2014	21,990,000					21,990,000	1.85%	1,377
2015	20,675,000					20,675,000	1.67%	1,299
2016	20,295,000					20,295,000	N/A	1,274

NOTES: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- (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.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2007	\$ 29,607,117		\$ 29,607,117	1.05%	\$ 1,837
2008	28,705,987		28,705,987	1.01%	1,783
2009	27,789,010		27,789,010	0.98%	1,722
2010	26,826,173		26,826,173	0.94%	1,659
2011	25,722,410		25,722,410	0.94%	1,595
2012	24,557,673		24,557,673	0.91%	1,530
2013	23,326,887		23,326,887	0.88%	1,461
2014	21,990,000		21,990,000	0.83%	1,377
2015	20,675,000		20,675,000	0.79%	1,299
2016	20,295,000		20,295,000	0.78%	1,274

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 56,554,349	100.00	\$ 56,544,349
Regional High School	11,870,000	33.86	4,018,845
County general obligation debt	62,494,492	14.73	9,205,910
Subtotal, overlapping debt			69,769,104
School district direct debt			20,295,000
Total direct and overlapping debt			\$ 90,064,104

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each governmental unit.

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 the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, 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 payment.

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

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis	
	2015	\$ 3,097,249,613
	2014	3,036,762,024
	2013	3,088,165,758
		<u>\$ 9,222,177,395</u>
Average equalized valuation of taxable property		<u>\$ 3,074,059,132</u>
Debt limit (3.0% of average equalization value)		\$ 92,221,774
Total net debt applicable to limit		<u>20,295,000</u>
Legal debt margin		<u>\$ 71,926,774</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 105,035,670	\$ 100,736,283	\$ 95,592,158	\$ 93,296,350	\$ 92,221,774
Total net debt applicable	<u>24,557,673</u>	<u>23,326,887</u>	<u>21,990,000</u>	<u>20,675,000</u>	<u>20,295,000</u>
Legal debt margin	<u>\$ 80,477,997</u>	<u>\$ 77,409,396</u>	<u>\$ 73,602,158</u>	<u>\$ 72,621,350</u>	<u>\$ 71,926,774</u>
Total net debt applicable to the limit as a percentage of debt limit	23.38%	23.16%	23.00%	22.16%	22.01%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 97,995,901	\$ 107,160,518	\$ 113,312,549	\$ 113,516,416	\$ 111,275,512
Total net debt applicable	<u>30,285,245</u>	<u>31,748,115</u>	<u>30,849,138</u>	<u>27,504,301</u>	<u>26,400,538</u>
Legal debt margin	<u>\$ 67,710,656</u>	<u>\$ 75,412,403</u>	<u>\$ 82,463,411</u>	<u>\$ 86,012,115</u>	<u>\$ 84,874,974</u>
Total net debt applicable to the limit as a percentage of debt limit	30.90%	29.63%	27.22%	24.23%	23.73%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by NJSA 18A:24-19

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	16,114	\$ 1,042,205,178	\$ 64,677	2.5%
2008	16,100	1,097,971,700	68,197	3.3%
2009	16,141	1,114,632,896	69,056	6.0%
2010	16,169	1,066,022,170	65,930	6.2%
2011	16,125	1,070,974,125	66,417	6.1%
2012	16,049	1,128,132,357	70,293	6.3%
2013	15,964	1,191,265,608	74,622	6.3%
2014	15,965	1,187,125,470	74,358	4.7%
2015	15,920	N/A	N/A	3.9%
2016	15,931	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce

READINGTON TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2016

Employer	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	158.0	158.6	134.5	135.4	129.7	129.3	127.9	126.4	117.7	109.0
Special education	56.0	64.4	56.8	63.2	58.8	50.4	66.5	76.5	66.1	55.0
Other special education	9.0	9.0	13.0	13.0	11.5	24.8	12.6	11.5	10.5	10.5
Support services										
Student and instruction related services	54.0	38.3	48.4	50.0	41.0	46.0	44.8	43.8	60.3	55.8
General administration	2.0	2.4	2.5	2.5	2.1	2.1	2.1	2.0	2.0	2.0
School administration services	18.0	18.0	17.0	18.0	15.5	15.5	15.5	15.5	16.0	15.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central services	7.0	7.0	7.0	7.0	6.7	6.7	6.0	6.0	6.0	6.0
Administrative information technology	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.5	1.0
Plant operations and maintenance	30.0	28.0	31.0	28.0	13.0	12.6	13.3	13.3	15.0	11.5
Pupil Transportation	26.0	25.0	25.0	23.5	19.5	18.6	19.4	19.4	21.0	21.0
Total	363.0	353.7	338.2	343.6	300.8	308.0	310.1	316.4	317.1	287.8

Source: District Personnel Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	2,258	\$ 30,144,367	\$ 13,350	5.10%	248	1 to 9.10	2,237.7	2,149.8	3.11%	96.07%
2008	2,208	31,259,676	14,157	6.05%	250	1 to 8.83	2,254.7	2,170.1	0.76%	96.25%
2009	2,164	31,094,310	14,369	1.49%	230	1 to 9.41	2,033.1	1,969.4	-9.83%	96.87%
2010	2,097	31,746,043	15,139	5.36%	214	1 to 9.80	2,089.4	2,004.1	2.77%	95.92%
2011	2,040	30,545,059	14,973	-1.09%	209	1 to 9.76	2,030.5	1,953.2	-2.82%	96.19%
2012	1,955	29,987,047	15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%
2013	1,875	31,272,613	16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%
2014	1,780	30,824,120	17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%
2015	1,752	31,033,787	17,713	2.29%	196	1 to 8.94	1,754.8	1,684.0	-1.30%	95.96%
2016	1,690	31,034,016	18,363	3.67%	195	1 to 8.71	1,689.5	1,622.8	-3.63%	96.05%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
Whitehouse School (1916)										
Square feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (students)	456	531	531	531	531	531	531	531	531	531
Enrollment	504	488	450	411	385	372	337	342	352	341
Three Bridges School (1950)										
Square feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	345	445	445	445	445	445	445	445	445	445
Enrollment	444	438	414	415	382	373	337	317	333	320
Holland Brook School (1999)										
Square feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	537	653	653	653	653	653	653	653	653	653
Enrollment	490	497	503	496	497	463	429	405	378	372
Middle										
Readington Middle School (1962)										
Square feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	667	832	832	832	832	832	832	832	832	832
Enrollment	796	764	771	743	763	742	748	709	688	641
Number of Schools at June 30, 2016										
Elementary =	3									
Middle =	1									

Source: District Facilities Office

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed expenditures - Required maintenance for school facilities

Fiscal Year Ending	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2007	\$ 117,675	\$ 96,698	\$ 115,746	\$ 227,477	\$ 557,596
2008	142,786	136,058	143,337	185,722	607,903
2009	100,520	91,969	166,069	174,239	532,797
2010	108,313	112,045	204,589	206,633	631,580
2011	99,942	105,405	179,268	165,132	549,747
2012	115,270	100,249	142,749	177,767	536,035
2013	128,858	108,675	181,545	202,067	621,145
2014	146,587	100,587	124,561	188,397	560,132
2015	91,615	85,736	108,262	159,699	445,312
2016	90,478	90,458	127,052	177,695	485,683
Total school facilities	\$ 1,142,044	\$ 1,027,880	\$ 1,493,178	\$ 1,864,828	\$ 5,527,930

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District records

READINGTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School package policy - School Alliance Insurance Fund		
Property - Blanket building & contents (insurance cooperative)	\$250,000,000	\$ 2,500
Comprehensive general liability	5,000,000	-
Blanket dishonesty bond	500,000	1,000
Pollution liability - School Alliance Insurance Fund through ACE Insurance Company		
Claim limit	1,000,000	10,000
School Board legal liability - School Alliance Insurance Fund through National Union Fire Insurance Company of Pittsburgh PA		
Policy limit	5,000,000	10,000
Worker's Compensation - School Alliance Insurance Fund		
Per accident, disease and disease limit	5,000,000	-
Excess liability - School Alliance Insurance Fund		
Policy limit	5,000,000	-
Public employees' faithful performance - Hanover Insurance Company		
Business administrator's bond	250,000	-

Source: District records



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
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**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**

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Readington Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Readington Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as finding no. 2016 - 01.

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


Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 3, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey
OMB Circular Letter 15-08**

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal Program and State Program

We have audited the Readington Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Readington Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey 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; and 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 OMB Circular 15-08. Those standards, the Uniform Guidance and 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 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 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 Readington Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 3, 2016
Flemington, New Jersey

**Readington Township School District
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2016		
					Period From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
NCLB Title I A	84.010A	S010S150030	NCLB-435014	\$ 56,055	07/01/13	06/30/14	\$ (1,977)	\$ -	\$ 1,977	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title I A	84.010A	S010S150030	NCLB-435012	27,090	09/01/11	08/31/12	(6,381)	-	6,381	-	-	-	-	-
NCLB Title I A	84.010A	S010S150030	NCLB-435015	53,204	07/01/14	06/30/15	(41,756)	(11,448)	53,204	-	-	-	-	-
NCLB Title I A Carry over	84.010A	S010S150030	NCLB-435015	53,204	07/01/15	06/30/16	-	11,448	-	11,448	-	-	-	-
NCLB Title I A	84.010A	S010S150030	NCLB-435016	54,716	07/01/15	06/30/16	-	-	25,017	34,488	-	(9,471)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-435015	25,513	07/01/14	06/30/15	(4,270)	(6,334)	10,604	-	-	-	-	-
NCLB Title II A Carry over	84.367A	S367A150029	NCLB-435015	25,513	07/01/15	06/30/16	-	6,334	-	6,334	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-435015	24,556	07/01/15	06/30/16	-	-	13,336	18,056	-	(4,720)	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-435013	6,152	09/01/12	08/31/13	(12)	-	-	-	-	(12)	-	-
IDEA Basic	84.027	H027A150100	IDEA-435014	383,955	07/01/13	06/30/14	(7,666)	-	7,666	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-435015	388,239	07/01/14	06/30/15	(107,257)	-	107,257	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-435016	399,449	07/01/15	06/30/16	-	-	321,923	347,049	-	(25,126)	-	-
IDEA Preschool	84.173	H173S150114	IDEA-435014	13,193	07/01/13	06/30/14	(232)	-	232	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-435016	13,428	07/01/15	06/30/16	-	-	13,393	13,393	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-435015	13,046	07/01/14	06/30/15	(12,920)	-	12,920	-	-	-	-	-
Total Special Revenue Fund							<u>(182,471)</u>	<u>-</u>	<u>573,910</u>	<u>430,768</u>	<u>-</u>	<u>(39,329)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture														
Enterprise Fund														
Child Nutrition Center														
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	26,441	07/01/14	06/30/15	973	-	-	973	-	-	-	-
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	32,378	07/01/15	06/30/16	-	-	32,378	29,438	-	-	2,940	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	81,616	07/01/14	06/30/15	(6,902)	-	6,902	-	-	-	-	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	76,697	07/01/15	06/30/16	-	-	71,310	76,697	-	(5,387)	-	-
Total Enterprise Fund							<u>(5,929)</u>	<u>-</u>	<u>110,590</u>	<u>107,108</u>	<u>-</u>	<u>(5,387)</u>	<u>2,940</u>	<u>-</u>
Total Federal Financial Assistance							<u>\$ (188,400)</u>	<u>\$ -</u>	<u>\$ 684,500</u>	<u>\$ 537,876</u>	<u>\$ -</u>	<u>\$ (44,716)</u>	<u>\$ 2,940</u>	<u>\$ -</u>

See independent auditors' report

**Readington Township School District
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical aid	16-495-034-5120-089	\$1,137,296	07/01/15	06/30/16	\$ -	\$ -	\$ 1,032,147	\$ 1,137,296	\$ -	\$ -	\$ -	\$ -	\$ 105,149	\$ 1,137,296
Security aid	16-495-034-5120-084	67,253	07/01/15	06/30/16	-	-	61,035	67,253	-	-	-	-	6,218	67,253
Transportation aid	16-495-034-5120-014	155,563	07/01/15	06/30/16	-	-	141,180	155,563	-	-	-	-	14,383	155,563
Adjustment aid	16-495-034-5120-085	9,488	07/01/15	06/30/16	-	-	8,611	9,488	-	-	-	-	877	9,488
PARCC Readiness aid	16-495-034-5120-098	16,410	07/01/15	06/30/16	-	-	14,893	16,410	-	-	-	-	1,517	16,410
Per Pupil Growth aid	16-495-034-5120-097	16,410	07/01/15	06/30/16	-	-	14,893	16,410	-	-	-	-	1,517	16,410
Payment for Instit. Children-Unknown Residence	15-495-034-5120-005	28,746	07/01/14	06/30/15	(2,382)	-	2,382	-	-	-	-	-	-	28,746
Payment for Instit. Children-Unknown Residence	16-495-034-5120-005	5,616	07/01/15	06/30/16	-	-	5,616	5,616	-	-	-	-	-	5,616
Extraordinary Special Education costs aid	15-495-034-5120-044	243,633	07/01/14	06/30/15	(243,633)	-	243,633	-	-	-	-	-	-	243,633
Extraordinary Special Education costs aid	16-495-034-5120-044	208,558	07/01/15	06/30/16	-	-	-	208,558	-	(208,558)	-	-	-	208,558
Non-public Transportation aid	15-495-034-5120-014	11,442	07/01/14	06/30/15	(11,442)	-	11,442	-	-	-	-	-	-	11,442
Non-public Transportation aid	16-495-034-5120-014	870	07/01/15	06/30/16	-	-	-	870	-	(870)	-	-	-	870
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	1,328,645	07/01/15	06/30/16	-	-	1,328,645	1,328,645	-	-	-	-	-	1,328,645
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	52,946	07/01/15	06/30/16	-	-	52,946	52,946	-	-	-	-	-	52,946
On behalf TPAF pension contribution - Teachers' Pension & Annuity Fund	16-495-034-5094-002	1,062,884	07/01/15	06/30/16	-	-	1,062,884	1,062,884	-	-	-	-	-	1,062,884
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	1,000,672	07/01/15	06/30/16	(96,684)	-	96,684	-	-	-	-	-	-	1,000,672
Reimbursed TPAF Social Security contribution	15-495-034-5094-003	1,032,686	07/01/15	06/30/16	-	-	983,316	1,032,686	-	(49,370)	-	-	-	1,032,686
Total General Fund					(354,141)	-	5,060,307	5,094,625	-	(258,798)	-	-	129,661	6,379,118
Special Revenue Fund:														
Non-public Auxiliary Services Aid														
English as a Second Language	16-100-034-5120-067	914	7/1/2014	6/30/2015	-	914	-	-	914	-	-	-	-	-
Non-public Handicapped Aid														
Examination and Classification	16-100-034-5120-066	361	7/1/2014	6/30/2015	-	361	-	-	361	-	-	-	-	-
Corrective Speech	16-100-034-5120-066	884	7/1/2014	6/30/2015	-	884	-	-	884	-	-	-	-	-
Total Special Revenue Fund					-	2,159	-	-	2,159	-	-	-	-	-

See independent auditors' report.

Readington Township School District
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Debt Service Fund														
Debt Service Aid - State Support	16-495-034-5120-017	7,169	7/1/2015	6/30/2016	\$ -	\$ -	\$ 7,169	\$ 7,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,169
NJ School Development Authority														
Capital Projects Fund														
ROD I-HVAC Upgrades Project														
Readington Middle School	4350-050-09-1001	66,671	N/A	N/A	(62,924)	-	66,671	3,747	-	-	-	-	-	66,671
Three Bridges Elementary School	4350-060-09-1003	42,558	N/A	N/A	(41,394)	-	42,558	1,164	-	-	-	-	-	42,558
Whitehouse Elementary School	4350-070-09-1004	35,389	N/A	N/A	(37,118)	-	35,389	(1,729)	-	-	-	-	-	35,389
ROD IV-Security Surveillance Upgrades														
Readington Middle School	4350-050-14-1006	46,000	N/A	N/A	(46,000)	-	-	-	-	(46,000)	-	-	-	46,000
Three Bridges Elementary School	4350-060-14-1007	24,000	N/A	N/A	(24,000)	-	-	-	-	(24,000)	-	-	-	24,000
Whitehouse Elementary School	4350-070-14-1008	28,000	N/A	N/A	(28,000)	-	-	-	-	(28,000)	-	-	-	28,000
Holland Brook Elementary School	4350-030-14-1005	26,000	N/A	N/A	(26,000)	-	-	-	-	(26,000)	-	-	-	26,000
ROD IV-Roof Replacement														
Whitehouse Elementary School	4350-070-13-3004	208,000	N/A	N/A	(208,000)	-	-	-	-	(208,000)	-	-	-	208,000
Three Bridges Elementary School	4350-060-13-3003	250,000	N/A	N/A	(250,000)	-	-	-	-	(250,000)	-	-	-	250,000
ROD IV-Phase 2 of Window Replacement at Readington Middle School														
Readington Middle School	4350-050-13-3002	150,000	N/A	N/A	(150,000)	-	-	-	-	(150,000)	-	-	-	150,000
Total capital projects fund					(873,436)	-	144,618	3,182	-	(732,000)	-	-	-	876,618
State Department of Agriculture														
Enterprise Fund														
State School Lunch program	16-100-010-3350-023	4,498	07/01/15	06/30/16	-	-	4,172	4,498	-	(326)	-	-	-	4,498
State School Lunch program	15-100-010-3350-023	4,875	07/01/14	06/30/15	(536)	-	536	-	-	-	-	-	-	4,875
Total enterprise fund					(536)	-	4,708	4,498	-	(326)	-	-	-	9,373
Total State Financial Assistance					<u>\$(1,228,113)</u>	<u>\$ 2,159</u>	<u>\$ 5,216,802</u>	<u>\$ 5,109,474</u>	<u>\$ 2,159</u>	<u>\$ (991,124)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,661</u>	<u>\$ 7,272,278</u>
Less: On behalf TPAF Pension System contributions								(2,444,475)						
Total for State financial assistance - major program determination								<u>\$ 2,664,999</u>						

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 1 - General

The accompanying Schedules of Financial Assistance present the activity of all Federal and State financial assistance programs of the Board of Education, Readington Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from Federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Federal Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

The financial statements present the General fund and Special Revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The Special Revenue fund is presented in the accompanying Schedules on the Grant Accounting Budgetary Basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$201 for the General fund, (\$600) for the Special Revenue fund and \$61,507 for the Capital Project fund. For a reconciliation of the budgetary basis to the modified accrual basis of accounting, see Exhibit C-3 for the General and Special Revenue funds and Exhibit F-2 for the Capital Project fund.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 5,094,826	\$ 5,094,826
Special Revenue fund	10,810	430,168	-	440,978
Capital Project fund	-	-	64,689	64,689
Debt Service fund	-	-	7,169	7,169
Food Service fund	-	107,108	4,498	111,606
Total	\$ 10,810	\$ 537,276	\$ 5,171,182	\$ 5,719,268

Note 4 - 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 5 - Other
Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	<u>Unmodified</u>		
Internal Control Over Financial Reporting:			
1. Material weakness(es) identified?	_____ Yes	<u> X </u> No	
2. Reportable conditions identified that are not considered to be material weaknesses?	<u> X </u> Yes	_____ No	
Noncompliance Material to General - purpose Financial Statements Noted?	_____ Yes	<u> X </u> No	

Federal Awards

Internal Control Over Major Programs:	<u>Not Applicable</u>		
1. Material weakness(es) identified?	_____ Yes	_____ No	
2. Reportable conditions identified that are not considered to be material weaknesses?	_____ Yes	_____ No	
Type of Auditor's Report Issued on Compliance for Major Programs?	_____		
Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance?	_____ Yes	_____ No	

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
	Not Applicable	

Dollar threshold used to distinguish between Type A and Type B programs: _____

Auditee qualified as a low-risk auditee _____ Yes _____ No

State Awards

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

Auditee qualified as a low-risk auditee X Yes _____ No

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

State Awards (continued)

Type of Auditor's Report issued on Compliance for Major Programs: Unmodified

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Any Audit Findings Disclosed that are Required to be Reported in Accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
16-495-034-5120-078	1,137,296	Equalization Aid
16-495-034-5094-003	1,032,686	Social Security Aid

Section II - Financial Statement Findings

There was one finding or questioned costs related to internal control for the year ended June 30, 2016.

Finding 2016-01:

Criteria: The District failed to complete their verification of payroll check distribution procedure within the required 3-year time frame.

Condition: The procedure is required by state legislation under the Fiscal Accountability, Efficiency and Budgeting Procedures N.J.A.C. 6A:23A-5.7

Context: Not applicable

Cause: Unknown.

Effect: The District did not meet the requirements of the Fiscal Accountability, Efficiency and Budgeting Procedures N.J.A.C. 6A:23A-5.7

Recommendation: The District should implement procedures to ensure that the verification of payroll check distribution procedure is performed within the required 3-year time frame.

Views of Responsible Officials and Planned Corrective Action (unaudited):

The responsible officials agree with the findings and will address the matter as part of their corrective action plan.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2016.

**READINGTON TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2015**

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.