

**ROCKLEIGH BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Rockleigh, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Rockleigh Board of Education  
Rockleigh, New Jersey  
For The Fiscal Year Ended June 30, 2012**

**Prepared by  
Business Administrator**

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## **INTRODUCTORY SECTION**

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NJ 07647**

October 24, 2012

Honorable President and  
Members of the Board of Education  
Rockleigh Board of Education  
Rockleigh, New Jersey 07647

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Rockleigh Board of Education for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Rockleigh Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Rockleigh Board of Education has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Rockleigh Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Rockleigh Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Rockleigh Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Rockleigh Board of Education for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Rockleigh Board of Education's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The District is not required to undergo a single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of the Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Rockleigh Board of Education's MD&A can be found immediately following the report of the independent auditors.

1) REPORTING ENTITY AND ITS SERVICES: Rockleigh Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Rockleigh Board of Education constitutes the District's reporting entity.

Although the District has no school, a full range of educational services from grade levels K through 12 are provided as a sending district. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2011-12            | 29                        | (9.4%)                |
| 2010-11            | 32                        | 18.5                  |
| 2009-10            | 27                        | 17.4                  |
| 2008-09            | 23                        | 27.8                  |
| 2007-08            | 18                        | (10.0)                |
| 2006-07            | 20                        | 5.3                   |
| 2005-06            | 19                        | 5.5                   |
| 2004-05            | 18                        | 5.8                   |
| 2003-04            | 17                        | 0                     |
| 2002-03            | 17                        | .13                   |

2) ECONOMIC CONDITION AND OUTLOOK: The Rockleigh area is experiencing a period of development which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base in both residential and industrial and an increase in annual daily enrollment. This expansion is expected to continue which suggests that the Rockleigh area will continue to prosper.

3) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data be compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 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.

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. An annual appropriated budget is adopted for the General Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

5) ACCOUNTING SYSTEM AND REPORTS: The District's financial statements reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Basic Financial Statements". The District deposits 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.

7) RISK MANAGEMENT: The Board carries insurance in the form of surety bonds for the Board Secretary and Treasurer. Additionally, the District carries "School Leaders Errors and Omissions" coverage and workers' compensation coverage.

8) OTHER INFORMATION: Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins, LLP, was selected by the Board. The auditor's report on the basic financial statements and individual fund statements and schedules are included in the financial section of this report.

9) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Rockleigh School Board 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.

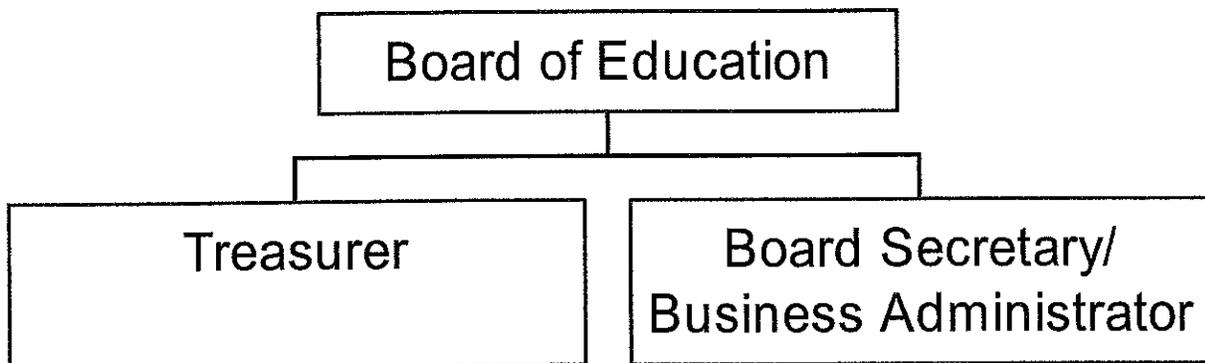
Respectfully submitted,



Jason Roer  
Board Secretary

Board of Education  
Borough of Rockleigh, NJ 07647

ORGANIZATIONAL CHART



**ROCKLEIGH BOARD OF EDUCATION**

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Rosanne Antine, President                | 2017                |
| Maryanne Puccio, Vice President          | 2016                |
| Peter Walsh                              | 2013                |
| Maria Yuelys                             | 2015                |
| Stephanie Bernik                         | 2014                |

Other Officials

Dr. Jason Roer, Business Administrator/Board Secretary

Gary Grembowiec, Treasurer of School Monies

**ROCKLEIGH BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208 N  
Fair Lawn, New Jersey 07410

**Attorney**

Winne, Banta, Hetherington,  
Basralian and Kahn, P.C.  
Court Plaza North  
21 Main Street, Suite 101  
P.O. Box 647  
Hackensack, NJ 07602

**Official Depository**

PNC Bank

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410  
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GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Rockleigh Board of Education  
Rockleigh, New Jersey

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

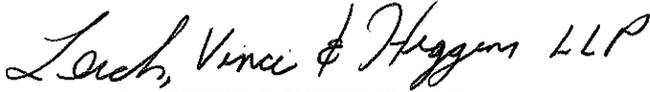
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rockleigh Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

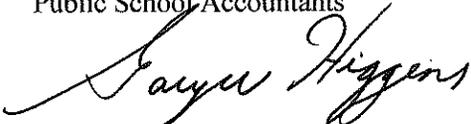
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2012 on our consideration of the Rockleigh Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockleigh Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedule of expenditures of state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements 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 section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
October 24, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

This discussion and analysis of the Rockleigh School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2012. The District is considered a nonoperating school district since the District has no facilities and sends all students to other districts. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- General revenues accounted for \$654,805 or 92 percent of all revenues. Program specific revenues in the form of state aid accounted for \$54,669 or 8 percent of total revenues of \$709,474.
- The School District had \$602,238 in expenses; only \$54,669 of these expenses are offset by program specific state aid. General revenues (primarily taxes) of \$654,805 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund had \$709,474 in revenues and \$602,238 in expenditures. The General Fund's fund balance increased by \$107,236 from the fiscal year ended June 30, 2012.

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**Using this Comprehensive Annual Financial Report (CAFR)**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the 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 show how services were financed in the short-term as well as what remains for future spending.

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2012?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the 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 Assets and the Statement of Activities, the District is divided into governmental and business-type activities. The District has no business-type activities.

- Governmental activities – All programs and services are reported here including instruction, support services, and pupil transportation.

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The General Fund is the District's only governmental fund.

**Governmental Funds**

The District's activities are reported in governmental funds. 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 District's general government operations and the basic services it provides. Governmental fund information helps the reader 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The District as a Whole**

The Statement of Net Assets provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net assets as of June 30, 2012 and 2011.

Table 1  
Net Assets  
as of June 30, 2012 and 2011

|                          | Governmental Types |           |
|--------------------------|--------------------|-----------|
|                          | 2012               | 2011      |
| Assets                   |                    |           |
| Current and Other Assets | \$ 150,359         | \$ 43,123 |
| Total Assets             | 150,359            | 43,123    |
| Liabilities              |                    |           |
| Other Liabilities        | -                  | -         |
| Total Liabilities        | -                  | -         |
| Net Assets               |                    |           |
| Unrestricted             | 150,539            | 43,123    |
| Total Net Assets         | \$ 150,539         | \$ 43,123 |

The District's combined net assets were \$150,539 and \$43,123 and at June 30, 2012 and 2011, respectively

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**The District as a Whole (Continued)**

Table 2 shows changes in net assets for the fiscal years ended June 30, 2012 and 2011.

Table 2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2012 and 2011

|  | Governmental Types |                   |
|--|--------------------|-------------------|
|  | <u>2012</u>        | <u>2011</u>       |
| Revenues   |                    |                   |
| Program Revenues:                                    |                    |                   |
| Grants and Contributions                             | \$ 54,669          | \$ 40,995         |
| General Revenues:                                    |                    |                   |
| Property Taxes                                       | 654,046            | 641,222           |
| Other  | 759                | 287               |
| Total Revenues                                       | <u>709,474</u>     | <u>682,504</u>    |
| <br>Program Expenses                                 |                    |                   |
| Instruction  | \$ 473,391         | \$ 555,844        |
| Support Services:                                    |                    |                   |
| Student and Instruction Related Services             | 10,020             | 11,280            |
| General Administration and Business/Central Services | 39,668             | 36,834            |
| Pupil Transportation                                 | 79,159             | 85,852            |
| Total Expenses                                       | <u>602,238</u>     | <u>689,810</u>    |
| Change in Net Assets                                 | <u>\$ 107,236</u>  | <u>\$ (7,306)</u> |

**Governmental Activities**

The nature of funding public education primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up of 92 percent and 94 percent of revenues for governmental activities for the Rockleigh School District in 2012 and 2011, respectively. The District's total revenues were \$709,474 and \$682,504 for the years ended June 30, 2012 and 2011, respectively. State and local grants accounted for 8 and 6 percent of revenue, respectively. The total cost of all programs and services was \$602,238 and \$689,810 and for the fiscal years ended June 30, 2012 and 2011, respectively. Instruction comprises 79 and 81 percent of District expenses for the fiscal years ended June 30, 2012 and 2011, respectively.

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**Governmental Activities**

The Statement of Activities shows the cost of 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 for the fiscal years ended June 30, 2012 and 2011. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3  
Total and Net Cost of Services  
For the Fiscal Years Ended June 30, 2012 and 2011

|  | <u>Total Cost of Services</u> |                   | <u>Net Cost of Services</u> |                   |
|--|-------------------------------|-------------------|-----------------------------|-------------------|
|  | <u>2012</u>                   | <u>2011</u>       | <u>2012</u>                 | <u>2011</u>       |
| Instruction  | \$ 473,391                    | \$ 555,844        | \$ 434,288                  | \$ 519,673        |
| Support Services:  |                               |                   |                             |                   |
| Student and Instruction Related Services                 | 10,020                        | 11,280            | 10,020                      | 11,280            |
| General Administration and Business/<br>Central Services | 39,668                        | 36,834            | 36,495                      | 34,164            |
| Pupil Transportation                                     | <u>79,159</u>                 | <u>85,852</u>     | <u>66,766</u>               | <u>83,698</u>     |
| Total Expenses   | <u>\$ 602,238</u>             | <u>\$ 689,810</u> | <u>\$ 547,569</u>           | <u>\$ 648,815</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teachers and students.

Student and Instruction Related Sources include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration and business/central services include expenses associated with administration and financial supervision of the District.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

**The District's Funds**

All governmental funds (i.e., general fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$709,474 and expenditures were \$602,238.

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 fiscal management.

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**The District's Funds (Continued)**

The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2012 and 2011.

| <u>Revenue</u> | <u>Amount</u>     |                   | Amount of<br>Increase<br>(Decrease) | Percent<br>Increase<br>(Decrease) |
|----------------|-------------------|-------------------|-------------------------------------|-----------------------------------|
|                | <u>2012</u>       | <u>2011</u>       |                                     |                                   |
| Local Sources  | \$ 654,805        | \$ 641,509        | \$ 13,296                           | 2.07%                             |
| State Sources  | <u>54,669</u>     | <u>40,995</u>     | <u>13,674</u>                       | 33.36%                            |
| Total          | <u>\$ 709,474</u> | <u>\$ 682,504</u> | <u>\$ 26,970</u>                    | 3.95%                             |

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2012 and 2011.

| <u>Expenditures</u> | <u>Amount</u>     |                   | Amount of<br>Increase<br>(Decrease) | Percent<br>Increase<br>(Decrease) |
|---------------------|-------------------|-------------------|-------------------------------------|-----------------------------------|
|                     | <u>2012</u>       | <u>2011</u>       |                                     |                                   |
| Instruction         | \$ 473,391        | \$ 555,844        | \$ (82,453)                         | -14.83%                           |
| Support Services    | <u>128,847</u>    | <u>133,966</u>    | <u>(5,119)</u>                      | -3.82%                            |
| Total               | <u>\$ 602,238</u> | <u>\$ 689,810</u> | <u>\$ (87,572)</u>                  | -12.70%                           |

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The District's only budgetary fund is the General Fund. The 2011/12 budget was approved by the Board of School Estimate.

During the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over expenditures in specific line item accounts.

**ROCKLEIGH BOARD OF EDUCATION  
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012

**School District Structure**

The Board of Education, operating as a Type I School District, consists of five members who are appointed by the Mayor of the Borough of Rockleigh. The terms for the initial Board members were staggered to have one member's term expire in each of the next five years. After the initial terms of the Board members expire, terms shall be for a period of five years.

A Board of School Estimate was also established pursuant to N.J.S.A 18A:22-1 et seq. The Board is comprised of two members of the Board of Education appointed by it, two members of the governing body of the Borough appointed by it and the Mayor. The Board of School Estimate shall by April 8 fix and determine the amount of money necessary to operate the school for the ensuing school year. Members of the Board of School Estimate are appointed annually in December.

**For the Future**

Currently, the District is in good financial condition.

The Rockleigh School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

**Contacting the District's Financial Management**

If you have questions about this report or need additional information, contact the School Business Administrator at the Rockleigh Board of Education, P.O. Box 343, Closter, NJ 07624.

**BASIC FINANCIAL STATEMENTS**

**ROCKLEIGH BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

|                                    | <u>Governmental<br/>Activities</u> | <u>Total</u>      |
|------------------------------------|------------------------------------|-------------------|
| <b>ASSETS</b>                      |                                    |                   |
| Cash and Cash Equivalents          | \$ 149,486                         | \$ 149,486        |
| Receivables, net                   |                                    |                   |
| Receivables from Other Governments | <u>873</u>                         | <u>873</u>        |
| Total Assets                       | <u>150,359</u>                     | <u>150,359</u>    |
| <b>NET ASSETS</b>                  |                                    |                   |
| Unrestricted                       | <u>150,539</u>                     | <u>150,539</u>    |
| Total Net Assets                   | <u>\$ 150,539</u>                  | <u>\$ 150,539</u> |

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

**ROCKLEIGH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| Functions/Programs                       | Program Revenues |                      |                                    |                                  | Total                   |
|--|------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
| Governmental Activities                  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Instruction                              |                  |                      |                                    |                                  |                         |
| Regular                                  | \$ 338,573       |                      |                                    |                                  | \$ (338,573)            |
| Special Education                        | 134,818          |                      | \$ 39,103                          |                                  | (95,715)                |
| Support Services                         |                  |                      |                                    |                                  |                         |
| Student and Instruction Related Services | 10,020           |                      |                                    |                                  | (10,020)                |
| General Administration Services          | 17,059           |                      |                                    |                                  | (17,059)                |
| Pupil Transportation                     | 79,159           |                      | 12,393                             |                                  | (66,766)                |
| Business/Central Services                | 22,609           | -                    | 3,173                              |                                  | (19,436)                |
| Total Governmental Activities            | 602,238          | -                    | 54,669                             | -                                | (547,569)               |
| Total Primary Government                 | \$ 602,238       | \$ -                 | \$ 54,669                          | \$ -                             | (547,569)               |
| <b>General Revenues</b>                  |                  |                      |                                    |                                  |                         |
| Property Taxes                           |                  |                      |                                    |                                  | 654,046                 |
| Miscellaneous Income                     |                  |                      |                                    |                                  | 759                     |
| Total General Revenues                   |                  |                      |                                    |                                  | 654,805                 |
| Change in Net Assets                     |                  |                      |                                    |                                  | 107,236                 |
| Net Assets, Beginning of Year            |                  |                      |                                    |                                  | 43,123                  |
| Net Assets, End of Year                  |                  |                      |                                    |                                  | \$ 150,359              |

**FUND FINANCIAL STATEMENTS**

**ROCKLEIGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

|   | <b>General<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|
| <b>ASSETS</b>                                 |                         |   |
| Cash and Cash Equivalents                     | \$ 149,486              | \$ 149,486                              |
| Receivables from Other Governments            | <u>873</u>              | <u>873</u>                              |
| Total Assets                                  | <u>\$ 150,359</u>       | <u>\$ 150,359</u>                       |
| <b>FUND BALANCES</b>                          |                         |   |
| Assigned Fund Balance:                        |                         |   |
| Encumbrances                                  | \$ 25,000               | \$ 25,000                               |
| Designated for Subsequent Year's Expenditures | 25,123                  | 25,123                                  |
| Unassigned Fund Balance                       | <u>100,236</u>          | <u>100,236</u>                          |
| Total Fund Balances                           | <u>150,359</u>          | <u>150,359</u>                          |
| Total Liabilities and Fund Balances           | <u>\$ 150,359</u>       | <u>\$ 150,359</u>                       |

Amounts reported for governmental activities in the statement of net assets (A-1) is the same as the fund statements.

**ROCKLEIGH BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>General<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---|
| <b>REVENUES</b>                          |                         |   |
| Local Sources                            |                         |   |
| Property Tax Levy                        | \$ 654,046              | \$ 654,046                              |
| Miscellaneous                            | 759                     | 759                                     |
|  | <hr/>                   | <hr/>                                   |
| Total - Local Sources                    | 654,805                 | 654,805                                 |
|  | <hr/>                   | <hr/>                                   |
| State Sources                            | 54,669                  | 54,669                                  |
|  | <hr/>                   | <hr/>                                   |
| Total Revenues                           | 709,474                 | 709,474                                 |
|  | <hr/>                   | <hr/>                                   |
| <b>EXPENDITURES</b>                      |                         |   |
| Current                                  |                         |   |
| Regular Instruction                      | 338,573                 | 338,573                                 |
| Special Education Instruction            | 134,818                 | 134,818                                 |
| Support Services                         |                         |   |
| Student and Instruction Related Services | 10,020                  | 10,020                                  |
| General Administration Services          | 17,059                  | 17,059                                  |
| Pupil Transportation                     | 79,159                  | 79,159                                  |
| Business/Central Services                | 22,609                  | 22,609                                  |
|  | <hr/>                   | <hr/>                                   |
| Total Expenditures                       | 602,238                 | 602,238                                 |
|  | <hr/>                   | <hr/>                                   |
| Excess of Revenues Over Expenditures     | 107,236                 | 107,236                                 |
|  | <hr/>                   | <hr/>                                   |
| Fund Balance, Beginning of Year          | 43,123                  | 43,123                                  |
|  | <hr/>                   | <hr/>                                   |
| Fund Balance, End of Year                | <u>\$ 150,359</u>       | <u>\$ 150,359</u>                       |

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ROCKLEIGH BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  |                   |
|--|-------------------|
| Total net change in fund balances - governmental funds (Exhibit B-2) | \$ <u>107,236</u> |
| Change in net assets of governmental activities (Exhibit A-2)        | \$ <u>107,236</u> |

**ROCKLEIGH BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

**NOT APPLICABLE**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

|   | <u>Unemployment<br/>Compensation Trust</u> | <u>Agency Fund</u> |
|---|--|--------------------|
| <b>ASSETS</b>   |  |                    |
| Cash and Cash Equivalents                                   | \$ <u>1,731</u>                            | \$ <u>63</u>       |
| Total Assets  | <u>1,731</u>                               | <u>\$ 63</u>       |
| <b>LIABILITIES</b>  |  |                    |
| Payroll Deductions and Withholdings                         | <u>-</u>                                   | <u>63</u>          |
| Total Liabilities   | <u>-</u>                                   | <u>\$ 63</u>       |
| <b>NET ASSETS</b>   |  |                    |
| Held in Trust for Unemployment Claims<br>and Other Purposes | <u>\$ 1,731</u>                            |                    |

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**ROCKLEIGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                                       | <u>Unemployment<br/>Compensation Trust</u> |
|---------------------------------------|--|
| <b>ADDITIONS</b>                      |  |
| Investment Earnings                   | \$ <u>          3</u>                      |
| Total Additions                       | <u>                  3</u>                 |
| <b>DEDUCTIONS</b>                     |  |
| Unemployment Claims and Contributions | <u>                  -</u>                 |
| Total Deductions                      | <u>                  -</u>                 |
| Change in Net Assets                  | 3  |
| Net Assets, Beginning of Year         | <u>          1,728</u>                     |
| Net Assets, End of Year               | <u>\$       1,731</u>                      |

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Rockleigh Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. Effective as of February 1, 2005, the District became a Type I School District based upon approval of the Borough voters on April 20, 2004. The Board consists of five members appointed by the Mayor and is responsible for the fiscal control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

**B. Basic Financial Statements**

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

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

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. Basic Financial Statements (Continued)**

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

Separate fund financial statements are provided for governmental and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental funds each reported as separate columns in the fund financial statements. The District considers its only governmental fund (the General fund) to be a major fund.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting.

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

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The District reports the following major governmental fund:

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

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

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

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits and Investments***

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

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

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables***

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**3. *Inventories***

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

**4. *Fund Equity***

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. Fund Equity (Continued)**

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012.

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

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

**ROCKLEIGH BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$151,280 and bank balances of the Board's cash and deposits amounted to \$171,987. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

**Depository Account**

|         |                   |
|---------|-------------------|
| Insured | <u>\$ 171,987</u> |
|---------|-------------------|

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2012 for the district's individual major fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                       | <u>General</u> |
|---------------------------------------|----------------|
| Receivables:                          |                |
| Intergovernmental                     | \$ 873         |
| Gross Receivables                     | 873            |
| Less: Allowance for<br>Uncollectibles | <u>-</u>       |
| Net Total Receivables                 | <u>\$ 873</u>  |

**ROCKLEIGH BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Long-Term Debt**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

|   |                     |
|---|---------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 9,952,468        |
| Less: Net Debt                              | <u>-</u>            |
| Remaining Borrowing Power                   | <u>\$ 9,952,468</u> |

**NOTE 4 OTHER INFORMATION**

**A. Employee Retirement Systems and Pension Plans**

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

**Other Pension Funds**

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

The cost of living increase for TPAF is funded directly by the system and is considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

**Basis of Accounting**

The financial statements of the retirement system is prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement system. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement system.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF operates and to the benefit provisions of this system.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**ROCKLEIGH BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.91 percent for projected salary increase for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement system requires employee contributions based on 6.5% for TPAF of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

During the years ended June 30, 2012 and 2011, the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Year Ended<br><u>June 30,</u> | On-behalf<br><u>TPAF</u> |
|-------------------------------|--------------------------|
| 2012                          | \$ 547                   |
| 2011                          | 53                       |
| 2010                          | -                        |

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**Annual Pension Costs (APC) (Continued)**

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$547 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For the fiscal year 2010/2011 and 2009/2010 the State contributed \$53 and \$ - , respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,525 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**B. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Post-Retirement Medical Benefits (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$1,101, \$1,122 and \$-0-, respectively, which equaled the required contributions for each year .

**BUDGETARY COMPARISON SCHEDULES**

**ROCKLEIGH BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| <b>REVENUES</b>  |                            |                             |                         |                |   |
| Local Sources  |                            |                             |                         |                |   |
| Local Tax Levy   | \$ 654,046                 |                             | \$ 654,046              | \$ 654,046     |   |
| Miscellaneous  | -                          | -                           | -                       | 759            | \$ 759                                  |
| Total Local Sources  | <u>654,046</u>             | <u>-</u>                    | <u>654,046</u>          | <u>654,805</u> | <u>759</u>                              |
| State Sources  |                            |                             |                         |                |   |
| Transportation Aid   | 12,802                     |                             | 12,802                  | 12,802         |   |
| Extraordinary Aid  | 38,000                     |                             | 38,000                  | 19,942         | (18,058)                                |
| Non Public Transportation Aid  |                            |                             |                         | 873            | 873                                     |
| On-behalf TPAF Pension Payments -<br>Normal Costs (Non-Budget)             |                            |                             |                         | 494            | 494                                     |
| On-behalf TPAF Pension Payments -<br>NCGI Premium (Non-Budget)             |                            |                             |                         | 53             | 53                                      |
| On-behalf TPAF Payments -<br>Post Retirement Medical Benefits (Non-Budget) |                            |                             |                         | 1,101          | 1,101                                   |
| On-behalf TPAF Social Security Payments<br>(Non-Budget)                    | -                          | -                           | -                       | 1,525          | 1,525                                   |
| Total State Sources  | <u>50,802</u>              | <u>-</u>                    | <u>50,802</u>           | <u>36,790</u>  | <u>(14,012)</u>                         |
| Total Revenues   | <u>704,848</u>             | <u>-</u>                    | <u>704,848</u>          | <u>691,595</u> | <u>(13,253)</u>                         |
| <b>EXPENDITURES</b>  |                            |                             |                         |                |   |
| Undistributed Expenditures   |                            |                             |                         |                |   |
| Instruction  |                            |                             |                         |                |   |
| Tuition to Other LEAs Within State - Regular                               | 396,534                    | -                           | 396,534                 | 338,573        | 57,961                                  |
| Tuition to Other LEAs Within State - Special                               | 205,939                    | \$ (2,890)                  | 203,049                 | 134,818        | 68,231                                  |
| Total Instruction  | <u>602,473</u>             | <u>(2,890)</u>              | <u>599,583</u>          | <u>473,391</u> | <u>126,192</u>                          |
| Other Support Services-Students-Extra Services                             |                            |                             |                         |                |   |
| Purchased Professional/Educational Services                                | 14,180                     | -                           | 14,180                  | 10,020         | 4,160                                   |
| Total Other Support Services - Students - Extra Svc                        | <u>14,180</u>              | <u>-</u>                    | <u>14,180</u>           | <u>10,020</u>  | <u>4,160</u>                            |
| Support Services General Administration                                    |                            |                             |                         |                |   |
| Salaries   | 2,323                      | -                           | 2,323                   | 2,323          |   |
| Legal Fees   | 500                        | 2,000                       | 2,500                   | 1,290          | 1,210                                   |
| Audit Fees   | 4,950                      | -                           | 4,950                   | 4,950          |   |
| Miscellaneous Purchased Services   | 7,400                      | -                           | 7,400                   | 5,900          | 1,500                                   |
| General Supplies   | 1,000                      | -                           | 1,000                   | 632            | 368                                     |
| Miscellaneous Expenditures   | 1,200                      | 815                         | 2,015                   | 1,513          | 502                                     |
| BOE Membership Dues and Fees   | 655                        | -                           | 655                     | 405            | 250                                     |
| Total Support Services General Administration                              | <u>18,028</u>              | <u>2,815</u>                | <u>20,843</u>           | <u>17,013</u>  | <u>3,830</u>                            |

**ROCKLEIGH BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| Central Services   |                            |                             |                         |               |   |
| Salaries   | \$ 17,610                  | -                           | \$ 17,610               | \$ 17,610     | -                                       |
| Total Central Services   | 17,610                     | -                           | 17,610                  | 17,610        | -                                       |
| Administrative Information Technology                                      |                            |                             |                         |               |   |
| Purchased Technical Services   | 1,400                      | \$ 75                       | 1,475                   | 1,475         | -                                       |
| Total Administrative Information Services                                  | 1,400                      | 75                          | 1,475                   | 1,475         | -                                       |
| Student Transportation Services  |                            |                             |                         |               |   |
| Contract Services(Between Home and School) -<br>Vendors                    | 63,500                     | -                           | 63,500                  | 62,958        | \$ 542                                  |
| Contract Services(Between Home and School) -<br>Joint Agreement            | 4,197                      | -                           | 4,197                   | 3,312         | 885                                     |
| Contract Services (Spl. Ed. Stds.)-Joint Agreements                        | 20,707                     | (2,652)                     | 18,055                  | 10,237        | 7,818                                   |
| Contract Services - Aid in lieu of Payments                                | -                          | 2,652                       | 2,652                   | 2,652         | -                                       |
| Total Student Transportation Services                                      | 88,404                     | -                           | 88,404                  | 79,159        | 9,245                                   |
| General Administration - Employee Benefits                                 |                            |                             |                         |               |   |
| Social Security  | 1,525                      | -                           | 1,525                   | -             | 1,525                                   |
| Workmen's Compensation   | 484                        | -                           | 484                     | 397           | 87                                      |
| Total General Administration - Employee Benefits                           | 2,009                      | -                           | 2,009                   | 397           | 1,612                                   |
| On-behalf TPAF Pension Payments -<br>Normal Costs (Non-Budget)             |                            |                             |                         | 494           | (494)                                   |
| On-behalf TPAF Pension Payments -<br>NCGI Premium (Non-Budget)             |                            |                             |                         | 53            | (53)                                    |
| On-behalf TPAF Payments -<br>Post Retirement Medical Benefits (Non-Budget) |                            |                             |                         | 1,101         | (1,101)                                 |
| On-behalf TPAF Social Security Payments<br>(Non-Budget)                    | -                          | -                           | -                       | 1,525         | (1,525)                                 |
| Total Undistributed Expenditures   | 744,104                    | -                           | 744,104                 | 602,238       | 141,866                                 |
| Total Expenditures - Current Expenditures                                  | 744,104                    | -                           | 744,104                 | 602,238       | 141,866                                 |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures               | (39,256)                   | -                           | (39,256)                | 89,357        | 128,613                                 |
| Fund Balance, Beginning of Year  | 82,226                     | -                           | 82,226                  | 82,226        | -                                       |
| Fund Balance, End of Year  | \$ 42,970                  | \$ -                        | \$ 42,970               | \$ 171,583    | \$ 128,613                              |
| <b>Recapitulation of Fund Balance</b>                                      |                            |                             |                         |               |   |
| Assigned Fund Balance:   |                            |                             |                         |               |   |
| Encumbrances   |                            |                             |                         | \$ 25,000     |   |
| Designated for Subsequent Year's Expenditures                              |                            |                             |                         | 25,123        |   |
| Unassigned Fund Balance  |                            |                             |                         | 121,460       |   |
|  |                            |                             |                         | 171,583       |   |
| Reconciliation to Governmental Funds Statements (GAAP):                    |                            |                             |                         |               |   |
| Less: State Aid Payments Not Recognized on GAAP Basis                      |                            |                             |                         | (21,224)      |   |
| Fund Balance Per Governmental Funds (GAAP)                                 |                            |                             |                         | \$ 150,359    |   |

**ROCKLEIGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

|   |           | <b>General<br/>Fund</b> |
|---|-----------|-------------------------|
| <b>Sources/inflows of resources</b>   |           |                         |
| Actual amounts (budgetary basis) "revenue"<br>from the budgetary comparison schedule  | (C-1)     | \$ 691,595              |
| Difference - Budget to GAAP:  |           |                         |
| State Aid payment recognized for GAAP Statements, not<br>recognized for budgetary purposes (prior year)                             |           | 39,103                  |
| State Aid payments recognized for budgetary purposes, not<br>recognized for GAAP statements (current year)                          |           | <u>(21,224)</u>         |
| <br>Total revenues as reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds.     | <br>(B-2) | <br>\$ <u>709,474</u>   |
| <b>Uses/outflows of resources</b>   |           |                         |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule   | (C-1)     | \$ <u>602,238</u>       |
| <br>Total expenditures as reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds | <br>(B-2) | <br>\$ <u>602,238</u>   |

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**ROCKLEIGH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**ROCKLEIGH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES**

**NOT APPLICABLE**

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**ROCKLEIGH BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**ROCKLEIGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

|                                     | <b>Agency<br/>Fund</b> |
|-------------------------------------|------------------------|
| <b>ASSETS</b>                       |                        |
| Cash and Cash Equivalents           | \$ <u>63</u>           |
| Total Assets                        | \$ <u><u>63</u></u>    |
| <b>LIABILITIES</b>                  |                        |
| Payroll Deductions and Withholdings | \$ <u>63</u>           |
| Total Liabilities                   | \$ <u><u>63</u></u>    |

**EXHIBIT H-2**

**ROCKLEIGH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING SCHEDULE OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**EXHIBIT H-3**

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                                     | <b>Balance,<br/>July 1,<br/><u>2011</u></b> | <b><u>Additions</u></b> | <b><u>Deletions</u></b> | <b>Balance,<br/>June 30,<br/><u>2012</u></b> |
|-------------------------------------|---|-------------------------|-------------------------|--|
| <b>LIABILITIES</b>                  |   |                         |                         |  |
| Payroll Deductions and Withholdings | \$ 335                                      | \$ 21,462               | \$ 21,734               | \$ 63  |
| Total                               | <u>\$ 335</u>                               | <u>\$ 21,462</u>        | <u>\$ 21,734</u>        | <u>\$ 63</u>                                 |

**LONG-TERM DEBT**

**EXHIBIT I-1**

**ROCKLEIGH BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT I-2**

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT I-3**

**DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

ROCKLEIGH BOARD OF EDUCATION  
 NET ASSETS BY COMPONENT  
 LAST NINE FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

|  | Fiscal Year Ending June 30, |            |            |            |            |            |           |           |            |
|--|-----------------------------|------------|------------|------------|------------|------------|-----------|-----------|------------|
|  | 2004                        | 2005       | 2006       | 2007       | 2008       | 2009       | 2010      | 2011      | 2012       |
| Governmental activities                  |                             |            |            |            |            |            |           |           |            |
| Unrestricted                             | \$ 131,965                  | \$ 317,757 | \$ 315,159 | \$ 335,972 | \$ 346,820 | \$ 225,142 | \$ 50,429 | \$ 43,123 | \$ 150,359 |
| Total governmental activities net assets | \$ 131,965                  | \$ 317,757 | \$ 315,159 | \$ 335,972 | \$ 346,820 | \$ 225,142 | \$ 50,429 | \$ 43,123 | \$ 150,359 |
| District-wide                            |                             |            |            |            |            |            |           |           |            |
| Unrestricted                             | \$ 131,965                  | \$ 317,757 | \$ 315,159 | \$ 335,972 | \$ 346,820 | \$ 225,142 | \$ 50,429 | \$ 43,123 | \$ 150,359 |
| Total district net assets                | \$ 131,965                  | \$ 317,757 | \$ 315,159 | \$ 335,972 | \$ 346,820 | \$ 225,142 | \$ 50,429 | \$ 43,123 | \$ 150,359 |

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ROCKLEIGH BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

|   | Fiscal Year Ending June 30, |                    |                    |                    |                    |                    |                    |                    |                    |
|---|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 2004                        | 2005               | 2006               | 2007               | 2008               | 2009               | 2010               | 2011               | 2012               |
| <b>Expenses</b>   |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities</b>                          |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Instruction   |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular   | \$ 158,366                  | \$ 209,233         | \$ 222,903         | \$ 207,369         | \$ 199,806         | \$ 247,567         | \$ 331,746         | \$ 353,743         | \$ 338,573         |
| Special education                                       | 104,970                     | 21,212             | 70,854             | 93,220             | 116,488            | 177,712            | 190,781            | 202,101            | 134,818            |
| Support Services:                                       |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Student and instruction related services                | 30,977                      | 695                | 420                | 1,860              | 480                | 9,390              | 12,390             | 11,280             | 10,020             |
| General administration services                         | 21,670                      | 17,423             | 15,627             | 16,278             | 14,889             | 14,870             | 14,939             | 15,149             | 17,059             |
| Pupil transportation                                    | 96,754                      | 65,731             | 75,241             | 80,257             | 80,532             | 88,881             | 81,695             | 85,852             | 79,159             |
| Business / Central Services                             | 13,016                      | 15,194             | 12,068             | 17,886             | 18,900             | 20,473             | 20,149             | 21,685             | 22,609             |
| Total governmental activities expenses                  | <u>425,753</u>              | <u>329,488</u>     | <u>397,113</u>     | <u>416,870</u>     | <u>431,095</u>     | <u>558,893</u>     | <u>651,700</u>     | <u>689,810</u>     | <u>602,238</u>     |
| Total district expenses                                 | <u>\$ 425,753</u>           | <u>\$ 329,488</u>  | <u>\$ 397,113</u>  | <u>\$ 416,870</u>  | <u>\$ 431,095</u>  | <u>\$ 558,893</u>  | <u>\$ 651,700</u>  | <u>\$ 689,810</u>  | <u>\$ 602,238</u>  |
| <b>Program Revenues</b>                                 |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Operating grants and contributions                      | \$ 23,815                   | \$ 37,126          | \$ 25,260          | \$ 32,570          | \$ 34,968          | \$ 26,094          | \$ 61,377          | \$ 40,995          | \$ 54,669          |
| Total governmental activities program revenues          | <u>23,815</u>               | <u>37,126</u>      | <u>25,260</u>      | <u>32,570</u>      | <u>34,968</u>      | <u>26,094</u>      | <u>61,377</u>      | <u>40,995</u>      | <u>54,669</u>      |
| Total district program revenues                         | <u>\$ 23,815</u>            | <u>\$ 37,126</u>   | <u>\$ 25,260</u>   | <u>\$ 32,570</u>   | <u>\$ 34,968</u>   | <u>\$ 26,094</u>   | <u>\$ 61,377</u>   | <u>\$ 40,995</u>   | <u>\$ 54,669</u>   |
| <b>Net (Expense)/Revenue</b>                            |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | <u>\$(401,938)</u>          | <u>\$(292,362)</u> | <u>\$(371,853)</u> | <u>\$(384,300)</u> | <u>\$(396,127)</u> | <u>\$(532,799)</u> | <u>\$(590,323)</u> | <u>\$(648,815)</u> | <u>\$(547,569)</u> |
| Total district-wide net expense                         | <u>\$(401,938)</u>          | <u>\$(292,362)</u> | <u>\$(371,853)</u> | <u>\$(384,300)</u> | <u>\$(396,127)</u> | <u>\$(532,799)</u> | <u>\$(590,323)</u> | <u>\$(648,815)</u> | <u>\$(547,569)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Property taxes levied for general purposes, net         | \$ 453,091                  | \$ 468,000         | \$ 365,990         | \$ 391,267         | \$ 390,707         | \$ 406,335         | \$ 414,848         | \$ 641,222         | \$ 654,046         |
| Unrestricted state aid                                  | 1,876                       | 7,494              | 2,731              | 2,728              | 3,473              | 1,409              | 137                | -                  | -                  |
| Miscellaneous income                                    | 384                         | 2,660              | 534                | 11,118             | 12,795             | 3,377              | 625                | 287                | 759                |
| Total governmental activities                           | <u>455,351</u>              | <u>478,154</u>     | <u>369,255</u>     | <u>405,113</u>     | <u>406,975</u>     | <u>411,121</u>     | <u>415,610</u>     | <u>641,509</u>     | <u>654,805</u>     |
| Total district-wide                                     | <u>\$ 455,351</u>           | <u>\$ 478,154</u>  | <u>\$ 369,255</u>  | <u>\$ 405,113</u>  | <u>\$ 406,975</u>  | <u>\$ 411,121</u>  | <u>\$ 415,610</u>  | <u>\$ 641,509</u>  | <u>\$ 654,805</u>  |
| <b>Change in Net Assets</b>                             |                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | <u>\$ 53,413</u>            | <u>\$ 185,792</u>  | <u>\$ (2,598)</u>  | <u>\$ 20,813</u>   | <u>\$ 10,848</u>   | <u>\$(121,678)</u> | <u>\$(174,713)</u> | <u>\$ (7,306)</u>  | <u>\$ 107,236</u>  |
| Total district  | <u>\$ 53,413</u>            | <u>\$ 185,792</u>  | <u>\$ (2,598)</u>  | <u>\$ 20,813</u>   | <u>\$ 10,848</u>   | <u>\$(121,678)</u> | <u>\$(174,713)</u> | <u>\$ (7,306)</u>  | <u>\$ 107,236</u>  |

**Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ROCKLEIGH BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS**

(Unaudited)

*(modified accrual basis of accounting)*

|                    | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |                  |                  |                   |
|--------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
|                    | 2004                        | 2005              | 2006              | 2007              | 2008              | 2009              | 2010             | 2011             | 2012              |
| General Fund       |                             |                   |                   |                   |                   |                   |                  |                  |                   |
| Reserved           | \$ 33,231                   | \$ 141,907        | \$ 214,368        | \$ 100,959        |                   |                   |                  |                  |                   |
| Unreserved         | 98,734                      | 175,850           | 100,791           | 235,013           | \$ 346,820        | \$ 225,142        | \$ 50,429        |                  |                   |
| Restricted         |                             |                   |                   |                   |                   |                   |                  |                  |                   |
| Committed          |                             |                   |                   |                   |                   |                   |                  |                  |                   |
| Assigned           |                             |                   |                   |                   |                   |                   |                  | \$ 39,256        | \$ 50,123         |
| Unassigned         |                             |                   |                   |                   |                   |                   |                  | 3,867            | 100,236           |
| Total general fund | <u>\$ 131,965</u>           | <u>\$ 317,757</u> | <u>\$ 315,159</u> | <u>\$ 335,972</u> | <u>\$ 346,820</u> | <u>\$ 225,142</u> | <u>\$ 50,429</u> | <u>\$ 43,123</u> | <u>\$ 150,359</u> |

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

**ROCKLEIGH BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

|  | Fiscal Year Ending June 30, |                  |                   |                  |                  |                    |                    |                   |                   |
|--|-----------------------------|------------------|-------------------|------------------|------------------|--------------------|--------------------|-------------------|-------------------|
|  | 2004                        | 2005             | 2006              | 2007             | 2008             | 2009               | 2010               | 2011              | 2012              |
| <b>Revenues</b>  |                             |                  |                   |                  |                  |                    |                    |                   |                   |
| Tax levy   | \$453,091                   | \$468,000        | \$365,990         | \$391,267        | \$390,707        | \$ 406,335         | \$ 414,848         | \$ 641,222        | \$ 654,046        |
| Miscellaneous  | 384                         | 2,660            | 534               | 11,118           | 12,795           | 3,377              | 625                | 287               | 759               |
| State sources  | 25,691                      | 44,620           | 27,991            | 35,298           | 38,441           | 27,503             | 61,514             | 40,995            | 54,669            |
| Total revenue  | <u>479,166</u>              | <u>515,280</u>   | <u>394,515</u>    | <u>437,683</u>   | <u>441,943</u>   | <u>437,215</u>     | <u>476,987</u>     | <u>682,504</u>    | <u>709,474</u>    |
| <b>Expenditures</b>  |                             |                  |                   |                  |                  |                    |                    |                   |                   |
| Instruction  |                             |                  |                   |                  |                  |                    |                    |                   |                   |
| Regular instruction  | 158,366                     | 209,233          | 222,903           | 207,369          | 199,806          | 247,567            | 331,746            | 353,743           | 338,573           |
| Special education instruction                                | 104,970                     | 21,212           | 70,854            | 93,220           | 116,488          | 177,712            | 190,781            | 202,101           | 134,818           |
| Support Services:  |                             |                  |                   |                  |                  |                    |                    |                   |                   |
| Student and instruction related services                     | 30,977                      | 695              | 420               | 1,860            | 480              | 9,390              | 12,390             | 11,280            | 10,020            |
| General administration services                              | 21,670                      | 17,423           | 15,627            | 16,278           | 14,889           | 14,870             | 14,939             | 15,149            | 17,059            |
| Pupil transportation   | 96,754                      | 65,731           | 75,241            | 80,257           | 80,532           | 88,881             | 81,695             | 85,852            | 79,159            |
| Business/Central Services                                    | 13,016                      | 15,194           | 12,068            | 17,886           | 18,900           | 20,473             | 20,149             | 21,685            | 22,609            |
| Total expenditures   | <u>425,753</u>              | <u>329,488</u>   | <u>397,113</u>    | <u>416,870</u>   | <u>431,095</u>   | <u>558,893</u>     | <u>651,700</u>     | <u>689,810</u>    | <u>602,238</u>    |
| Excess (Deficiency) of revenues<br>over (under) expenditures | <u>53,413</u>               | <u>185,792</u>   | <u>(2,598)</u>    | <u>20,813</u>    | <u>10,848</u>    | <u>(121,678)</u>   | <u>(174,713)</u>   | <u>(7,306)</u>    | <u>107,236</u>    |
| Net change in fund balances                                  | <u>\$ 53,413</u>            | <u>\$185,792</u> | <u>\$ (2,598)</u> | <u>\$ 20,813</u> | <u>\$ 10,848</u> | <u>\$(121,678)</u> | <u>\$(174,713)</u> | <u>\$( 7,306)</u> | <u>\$ 107,236</u> |
| Debt service as a percentage of<br>noncapital expenditures   | N/A                         | N/A              | N/A               | N/A              | N/A              | N/A                | N/A                | N/A               | N/A               |

N/A - Not Applicable

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ROCKLEIGH BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE\*  
LAST TEN FISCAL YEARS  
(Unaudited)**

| <b><u>Fiscal<br/>Year<br/>Ended<br/>June 30</u></b> | <b><u>Interest</u></b> | <b><u>Miscellaneous</u></b> | <b><u>Total</u></b> |
|---|------------------------|-----------------------------|---------------------|
| 2003  | \$ 13                  |                             | \$ 13               |
| 2004  | 7                      | \$ 377                      | 384                 |
| 2005  |                        | 2,660                       | 2,660               |
| 2006  |                        | 534                         | 534                 |
| 2007  | 10,914                 | 204                         | 11,118              |
| 2008  | 12,566                 | 229                         | 12,795              |
| 2009  | 3,117                  | 260                         | 3,377               |
| 2010  | 555                    | 70                          | 625                 |
| 2011  | 235                    | 52                          | 287                 |
| 2012  | 309                    | 450                         | 759                 |



**ROCKLEIGH BOARD OF EDUCATION  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

| <u>Calendar<br/>Year</u> | <u>Total<br/>Direct<br/>School<br/>Tax<br/>Rate</u> | <u>Overlapping Rates</u> |               |              |
|--------------------------|---|--------------------------|---------------|--------------|
|                          |   | <u>Municipality</u>      | <u>County</u> | <u>Total</u> |
| 2003                     | \$ 0.381  | \$ 0.710                 | \$ 0.329      | \$ 1.42      |
| 2004                     | 0.393   | 0.689                    | 0.298         | 1.38         |
| 2005                     | 0.312   | 0.698                    | 0.320         | 1.33         |
| 2006 (1)                 | 0.143   | 0.297                    | 0.140         | 0.58         |
| 2007                     | 0.146   | 0.316                    | 0.138         | 0.60         |
| 2008                     | 0.149   | 0.346                    | 0.152         | 0.65         |
| 2009                     | 0.153   | 0.383                    | 0.166         | 0.702        |
| 2010 (2)                 | 0.288   | 0.490                    | 0.160         | 0.938        |
| 2011                     | 0.294   | 0.490                    | 0.268         | 1.052        |
| 2012                     | 0.302   | 0.414                    | 0.240         | 0.956        |

Source: Tax Collector

(1) The Borough undertook a revaluation of real property which became effective for calendar year 2006.

(2) The Borough undertook a voluntary reassessment of real property which became effective for the calendar year

**ROCKLEIGH BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

|                                | 2012                   |  | 2003                   |  |
|--------------------------------|------------------------|--|------------------------|--|
|                                | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| 8 King Rd, LLC                 | \$ 15,500,000          | 7.1477%                                | NOT AVAILABLE          |  |
| Takasago International         | 10,328,300             | 4.7628%                                |                        |  |
| 26 Rockleigh Rd, LLC           | 9,309,100              | 4.2928%                                |                        |  |
| 22 Link Drive Rockleigh, LLC   | 8,170,800              | 3.7679%                                |                        |  |
| 7 Volvo Drive, Rockleigh, LLC  | 6,838,000              | 3.1533%                                |                        |  |
| 15 Volvo Drive, Rockleigh, LLC | 6,199,000              | 2.8586%                                |                        |  |
| 6 Volvo Drive, Rockleigh, LLC  | 5,117,400              | 2.3598%                                |                        |  |
| Volvo Cars of NA, Ford Motor   | 4,982,500              | 2.2976%                                |                        |  |
| True World Group, LLC          | 4,848,700              | 2.2359%                                |                        |  |
| Bromley Rockleigh              | 4,223,700              | 1.9477%                                |                        |  |
|                                | \$ 75,517,500          | 34.8241%                               |                        |  |

Source: Municipal Tax Assessor

**ROCKLEIGH BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

| Fiscal<br>Year<br>Ended<br>June 30, | Local School<br>District Taxes<br>Levied for the<br>Fiscal Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|---|---|-----------------------|---------------------------------------|
|                                     |   | Amount  | Percentage<br>of Levy |                                       |
| 2003                                | \$ 418,738  | \$ 418,738                                      | 100.00%               |                                       |
| 2004                                | 453,091   | 453,091   | 100.00%               |                                       |
| 2005                                | 468,000   | 468,000   | 100.00%               |                                       |
| 2006                                | 365,990   | 365,990   | 100.00%               |                                       |
| 2007                                | 391,267   | 391,267   | 100.00%               |                                       |
| 2008                                | 390,707   | 390,429   | 99.93%                | \$ 278                                |
| 2009                                | 406,335   | 406,335   | 100.00%               |                                       |
| 2010                                | 414,848   | 414,848   | 100.00%               |                                       |
| 2011                                | 641,222   | 641,222   | 100.00%               |                                       |
| 2012                                | 654,046   | 654,046   | 100.00%               |                                       |

**ROCKLEIGH BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
(Unaudited)**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
(Unaudited)**

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Unaudited)**

|  | <u>Gross Debt</u>   | <u>Deductions</u> | <u>Net Debt</u>     |
|--|---------------------|-------------------|---------------------|
| Net Direct Debt of School Debt<br>Borough of Rockleigh (1) | \$ 2,119,308        | \$ -              | \$ 2,119,308        |
|  | <u>\$ 2,119,308</u> | <u>\$ -</u>       | 2,119,308           |
| Overlapping Debt Apportioned to the Municipality:          |                     |                   |                     |
| County of Bergen (2)                                       |                     |                   | <u>1,180,782</u>    |
| Total Direct and Overlapping Debt                          |                     |                   | <u>\$ 3,300,090</u> |

## Sources:

- (1) Borough of Rockleigh 2011 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Borough by dividing the municipality's 2011 equalized value by the total equalized value for Bergen County for 2011

ROCKLEIGH BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2011

|   |    |                    |  |  |  |  |  |  |  |
|---|----|--------------------|--|--|--|--|--|--|--|
| Equalized valuation basis                       | \$ | 237,490,937        |  |  |  |  |  |  |  |
| 2011  |    | 291,164,101        |  |  |  |  |  |  |  |
| 2010  |    | 217,780,040        |  |  |  |  |  |  |  |
| 2009  | \$ | <u>746,435,078</u> |  |  |  |  |  |  |  |
| Average equalized valuation of taxable property | \$ | 248,811,693        |  |  |  |  |  |  |  |
| Debt limit (4% of average equalization value)   |    | 9,952,468          |  |  |  |  |  |  |  |
| Total Net Debt Applicable to Limit              |    | -                  |  |  |  |  |  |  |  |
| Legal debt margin                               | \$ | <u>9,952,468</u>   |  |  |  |  |  |  |  |

|  | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                |
| Debt limit   | \$ 7,171,378        | \$ 5,328,836        | \$ 7,863,622        | \$ 8,158,698        | \$ 5,494,327        | \$ 8,831,729        | \$ 9,884,055        | \$ 9,952,468        |
| Total net debt applicable to limit                                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Legal debt margin  | <u>\$ 7,171,378</u> | <u>\$ 5,328,836</u> | <u>\$ 7,863,622</u> | <u>\$ 8,158,698</u> | <u>\$ 5,494,327</u> | <u>\$ 8,831,729</u> | <u>\$ 9,884,055</u> | <u>\$ 9,952,468</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               |

Source: Annual Debt Statements

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

**ROCKLEIGH BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

| <u>Year Ended<br/>December 31,</u> | <u>Unemployment<br/>Rate</u> | <u>Per Capita<br/>Income</u> | <u>Population</u> |
|------------------------------------|------------------------------|------------------------------|-------------------|
| 2003                               | -0-                          | \$ 51,132                    | 394               |
| 2004                               | -0-                          | 54,462                       | 393               |
| 2005                               | -0-                          | 56,706                       | 392               |
| 2006                               | -0-                          | 62,714                       | 389               |
| 2007                               | -0-                          | 67,394                       | 388               |
| 2008                               | -0-                          | 68,227                       | 387               |
| 2009                               | -0-                          | 63,198                       | 388               |
| 2010                               | -0-                          | 65,486                       | 531               |
| 2011                               | -0-                          | 65,486 *                     | 532               |
| 2012                               | -0- *                        | 65,486 *                     | 532 *             |

\* = Estimate

Source: New Jersey Department of Labor, Bergen County  
United States Bureau of Census  
School District Records

ROCKLEIGH BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

| Employer | 2012      |  | 2003      |  |
|----------|-----------|--|-----------|--|
|          | Employees | Percentage of<br>Total Municipal<br>Employment | Employees | Percentage of<br>Total Municipal<br>Employment |

INFORMATION NOT AVAILABLE

**ROCKLEIGH BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)**

| <u>Function/Program</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Support Services:       |             |             |             |             |             |             |             |             |
| Central services        | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         |
| Total                   | <u>0.5</u>  |

Source: District Personnel Records

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

ROCKLEIGH BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff | Pupil/Teacher Ratio |               |                    |                    | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|---------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                | Elementary          | Middle School | Senior High School | Senior High School |                                |                                |                                      |                               |
| 2003        | 17                      | 398,185                             | 23,423                      | 16.57%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2004        | 17                      | 425,753                             | 25,044                      | 6.92%             | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2005        | 18                      | 329,488                             | 18,305                      | -26.91%           | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2006        | 19                      | 397,113                             | 20,901                      | 14.18%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2007        | 20                      | 416,870                             | 20,844                      | -0.27%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2008        | 18                      | 431,095                             | 23,950                      | 14.90%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2009        | 23                      | 557,822                             | 24,253                      | 1.27%             | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2010        | 27                      | 651,700                             | 24,137                      | -0.48%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2011        | 32                      | 689,810                             | 21,557                      | -10.69%           | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |
| 2012        | 29                      | 602,238                             | 20,767                      | -3.66%            | N/A            | N/A                 | N/A           | N/A                | N/A                | N/A                            | N/A                            | N/A                                  | N/A                           |

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

N/A - not applicable

**ROCKLEIGH BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
(Unaudited)**

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
(Unaudited)**

**NOT APPLICABLE**

ROCKLEIGH BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2012  
(Unaudited)

|                                     | <u>Coverage</u> | <u>Deductible</u> |
|-------------------------------------|-----------------|-------------------|
| School Leaders Errors and Omissions | \$ 3,000,000    | \$ 10,000         |

Source: School District's Records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

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

Honorable President and Members  
of the Board of Trustees  
Rockleigh Board of Education  
Rockleigh, New Jersey

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh as of and for the fiscal year ended June 30, 2012, which collectively comprise the Rockleigh's basic financial statements and have issued our report thereon dated October 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Rockleigh is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Rockleigh's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockleigh's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rockleigh's internal control over financial reporting.

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 Rockleigh's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
October 24, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

## Independent Auditor's Report

**NOT APPLICABLE**

**ROCKLEIGH BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

ROCKLEIGH BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| State Grantor/Program Title   | Grant or State Project Number | Grant Period   | Award Amount | July 1, 2011<br>Deferred Revenue<br>(Accts. Rec.) | Cash Received | Budgetary Expenditures | Balance, June 30, 2012 |                  | Memo            |                               |
|---|-------------------------------|----------------|--------------|---|---------------|------------------------|------------------------|------------------|-----------------|-------------------------------|
|   |                               |                |              |   |               |                        | (Accounts Receivable)  | Deferred Revenue | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Education<br>General Fund                             |                               |                |              |   |               |                        |                        |                  |                 |                               |
| TPAF Social Security Tax  | 11-100-034-5095-002           | 7/1/10-6/30/11 | \$ 1,495     | \$ (374)  | \$ 374        |                        |                        |                  |                 |                               |
| TPAF Social Security Tax  | 12-100-034-5095-002           | 7/1/11-6/30/12 | 1,525        |   | 1,525         | \$ 1,525               |                        |                  | \$              | 1,525                         |
| T.P.A.F. Pension Contributions -<br>Post Retirement                       | 12-495-034-5095-001           | 7/1/11-6/30/12 | 1,101        |   | 1,101         | 1,101                  |                        |                  |                 | 1,101                         |
| T.P.A.F. Pension Contributions -<br>NCGI Premiums                         | 12-495-034-5095-007           | 7/1/11-6/30/12 | 53           |   | 53            | 53                     |                        |                  |                 | 53                            |
| T.P.A.F. Pension Contributions -<br>Normal Costs                          | 12-495-034-5095-006           | 7/1/11-6/30/12 | 494          |   | 494           | 494                    |                        |                  |                 | 494                           |
| Extraordinary Aid   | 11-100-034-5120-473           | 7/1/10-6/30/11 | 39,103       | (39,103)  | 39,103        |                        |                        |                  |                 |                               |
| Extraordinary Aid   | 12-100-034-5120-473           | 7/1/11-6/30/12 | 19,942       |   | 19,942        | 19,942                 | \$ (19,942)            |                  |                 | 19,942                        |
| Nonpublic Transportation Aid  | N/A                           | 7/1/10-6/30/11 | 348          | (348)   | 348           |                        |                        |                  |                 |                               |
| Nonpublic Transportation Aid  | N/A                           | 7/1/11-6/30/12 | 873          |   | 873           | 873                    | (873)                  |                  | \$              | 873                           |
| Transportation Aid  | 12-495-034-5120-014           | 7/1/11-6/30/12 | 12,802       |   | 11,520        | 12,802                 | (1,282)                |                  |                 | 12,802                        |
| Total General Fund  |                               |                |              | (39,823)  | 54,518        | 36,790                 | (22,097)               |                  | (873)           | 36,790                        |
| State Financial Assistance<br>Not Subject to Single Audit Determination   |                               |                |              |   |               |                        |                        |                  |                 |                               |
| General Fund  |                               |                |              |   |               |                        |                        |                  |                 |                               |
| T.P.A.F. Pension Contributions -<br>Post Retirement                       | 12-495-034-5095-001           | 7/1/11-6/30/12 | 1,101        |   | (1,101)       | (1,101)                |                        |                  |                 | (1,101)                       |
| T.P.A.F. Pension Contributions -<br>NCGI Premiums                         | 12-495-034-5095-007           | 7/1/11-6/30/12 | 53           |   | (53)          | (53)                   |                        |                  |                 | (53)                          |
| T.P.A.F. Pension Contributions -<br>Normal Costs                          | 12-495-034-5095-006           | 7/1/11-6/30/12 | 494          |   | (494)         | (494)                  |                        |                  |                 | (494)                         |
| Total State Financial Assistance<br>Subject to Single Audit Determination |                               |                |              | (39,823)  | 52,870        | 35,142                 | (22,097)               |                  | (873)           | 36,296                        |

Note - This schedule was not subject to a single audit pursuant to New Jersey OMB Circular 04-04.

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$17,879 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

|              |                  |
|--------------|------------------|
|              | <u>State</u>     |
| General Fund | \$ <u>54,669</u> |

**NOTE 4 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$1,525 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension in the amount of \$547 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,101 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**ROCKLEIGH BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**ROCKLEIGH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

- |  |                                      |
|--|--------------------------------------|
| A) Type of auditors' report issued:  | <u>Unqualified Opinion</u>           |
| B) Internal control over financial reporting:  |                                      |
| 1) Material weakness(es) identified?   | _____ yes <u>  X  </u> no            |
| 2) Were significant deficiencies identified that were<br>not considered to be material weaknesses? | _____ yes <u>  X  </u> none reported |
| C) Noncompliance material to basic financial<br>statements noted?                                  | _____ yes <u>  X  </u> no            |

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Part 2 – Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**ROCKLEIGH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

THERE WERE NONE.