

**ROCKAWAY TOWNSHIP  
SCHOOL DISTRICT**

**Rockaway Township School District  
Rockaway, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual  
Financial Report**

**of the**

**Rockaway Township School District**

**Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by**

**Rockaway Township School District**

**Business Office**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	4
Roster of Officials.....	5
Consultants and Advisors .....	6

FINANCIAL SECTION ..... 7

Independent Auditors' Report.....	8
-----------------------------------	---

Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements.....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities .....	24

B. Fund Financial Statements .....	26
B-1 Balance Sheet – Governmental Funds.....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
B-4 Statement of Net Position – Proprietary Funds .....	32
B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds .....	33
B-6 Statement of Cash Flows – Proprietary Funds .....	34
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	35
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	36

Notes to the Basic Financial Statements.....	37
--	----

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) .....	59
C-1 Budgetary Comparison Schedule – General Fund.....	60
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	76
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information.....	77

D. School Level Schedules (Not Applicable) .....	78
--	----

E. Special Revenue Fund.....	79
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	80
E-2 Pre-School Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

FINANCIAL SECTION (Cont'd)

F. Capital Projects Fund (Not Applicable) .....	83
G. Proprietary Funds .....	84
Enterprise Fund:	
G-1 Combining Statement of Net Position .....	85
G-2 Combining Statement of Revenue, Expenses and Changes in Net Position.....	86
G-3 Combining Statement of Cash Flows .....	87
H. Fiduciary Funds.....	88
H-1 Combining Statement of Net Position .....	89
H-2 Combining Statement of Changes in Net Position .....	90
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	91
H-4 Student Activity Agency Fund Statement of Activity .....	92
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements .....	93
I. Long-Term Debt.....	94
I-1 Schedule of Serial Bonds.....	95
I-2 Schedule of Obligations Under Capital Leases .....	96
I-3 Budgetary Comparison Schedule - Debt Service Fund (Unaudited).....	97
J. STATISTICAL SECTION (Unaudited).....	98
J-1 Net Position by Component.....	99
J-2 Changes in Net Position .....	100
J-3 Fund Balances - Governmental Funds.....	103
J-4 Changes in Fund Balance – Governmental Funds.....	104
J-5 General Fund Other Local Revenue by Source .....	107
J-6 Assessed Value and Actual Value of Taxable Property .....	108
J-7 Direct and Overlapping Property Tax Rates.....	109
J-8 Principal Property Taxpayers .....	110
J-9 Property Tax Levies and Collections.....	111
J-10 Ratios of Outstanding Debt by Type .....	112
J-11 Ratios of Net General Bonded Debt Outstanding.....	113
J-12 Ratios of Overlapping Governmental Activities Debt.....	114
J-13 Legal Debt Margin Information .....	115
J-14 Demographic and Economic Statistics .....	116
J-15 Principal Employers .....	117
J-16 Full-Time Equivalent District Employees by Function/Program.....	118
J-17 Operating Statistics.....	119
J-18 School Building Information .....	120
J-19 Schedule of Required Maintenance for School Facilities.....	122
J-20 Insurance Schedule .....	123

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

K.	SINGLE AUDIT SECTION .....	124
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	125
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 .....	127
	Schedule of Expenditures of Federal Awards .....	129
	Schedule of Expenditures of State Awards .....	131
	Notes to the Schedules of Expenditures of Federal and State Awards.....	133
	Schedule of Findings and Questioned Costs .....	135
	Summary Schedule of Prior Audit Findings.....	137

INTRODUCTORY SECTION



# ROCKAWAY TOWNSHIP PUBLIC SCHOOLS

## S.T.A.R.S.

*Students and Teachers Achieve Real Success*

DONNAMARIE PALMIERE  
Business Administrator/  
Board Secretary

Administration Building  
16 School Road, P.O. Box 500  
Hibernia, N.J. 07842  
973-627-8200 ext. 207  
FAX 973-627-8552  
DonnamarieP@rocktwp.morris.k12.nj.us

September 30, 2013

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Rockaway Township School District (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped children. The District completed the 2012-2013 fiscal year with an average daily enrollment of 2,438 students, which is a decrease of 52 students from the previous year's enrollment.

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 2  
September 30, 2013

## 2) ECONOMIC CONDITION AND OUTLOOK:

Rockaway Township is experiencing a period of slowing development and expansion that is expected to continue.

## 3) MAJOR INITIATIVES:

During the 2012-2013 academic year, the District received a grant to become a pilot district for EE4NJ: Teacher Effectiveness Evaluation System and Principal Effectiveness Evaluation System. This was a tremendous undertaking by the administration and the staff. The District is also preparing for the future of online testing and PARCC (Partnership for Assessment of Readiness for College and Careers) by purchasing computers and laptop carts for all the schools.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2013.

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

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 3  
September 30, 2013

7) 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", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District's insurance broker, G.R. Murray, oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

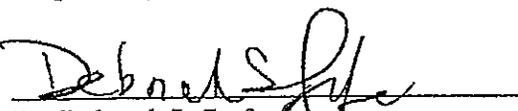
The Board is a member of the School Alliance Insurance Fund (SAIF) and the New Jersey School Board Association Insurance Group (NJSBAIG). The SAIF and NJSBAIG are risk-sharing public entity risk pools that are both insured and self-administered groups of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the SAIF and NJSBAIG is included in Note 13 to the Basic Financial Statements.

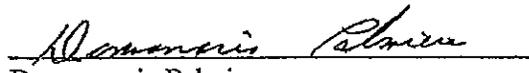
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

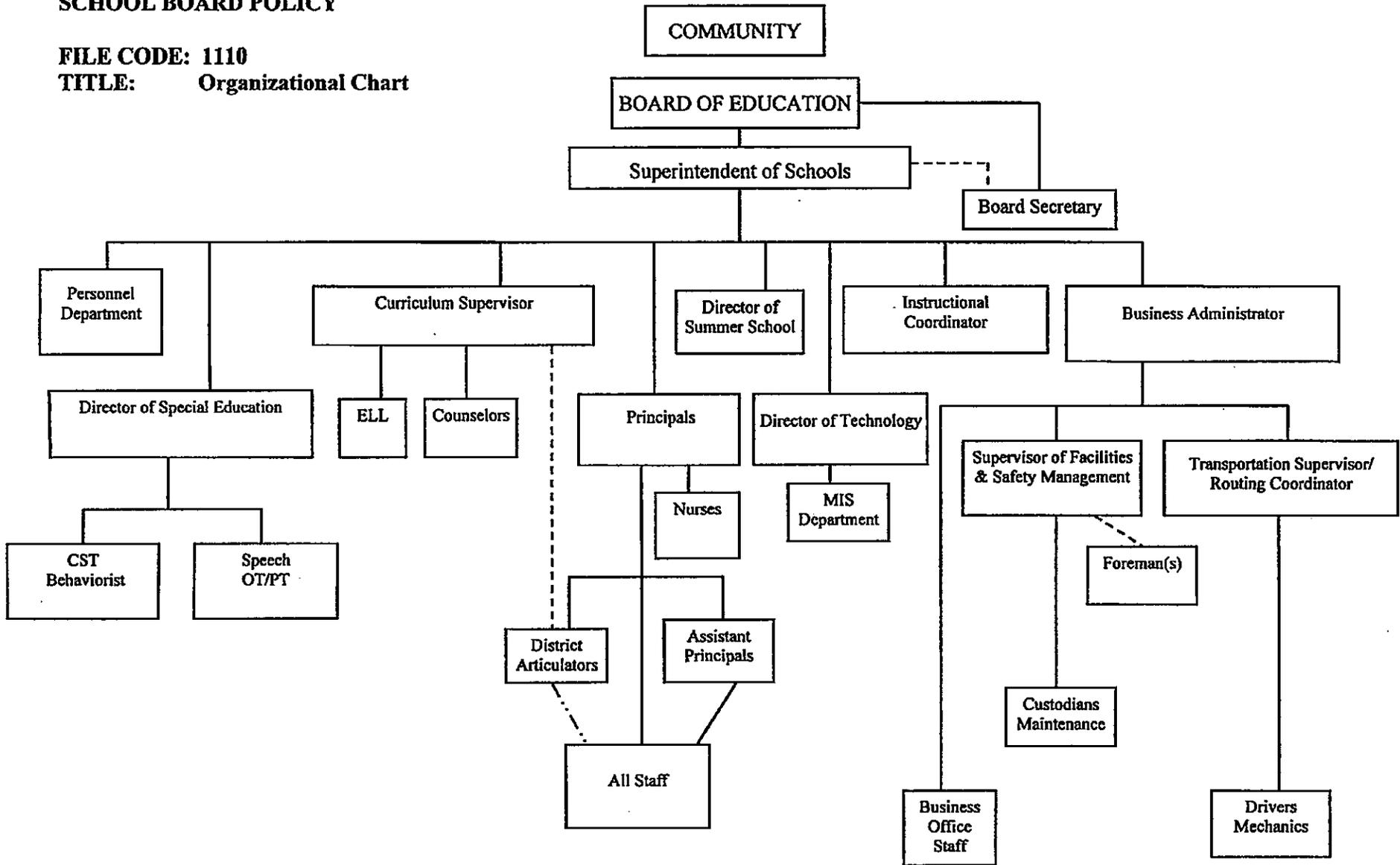
  
Dr. Deborah J. Grefe  
Acting Superintendent of Schools

  
Donnamarie Palmiere  
Board Secretary/Business Administrator

**ROCKAWAY TOWNSHIP PUBLIC SCHOOLS  
SCHOOL BOARD POLICY**

**FILE CODE: 1110**

**TITLE: Organizational Chart**



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The dash/dot line in the case of the District Articulators is non-supervisory in nature

Revised: 6/4/13

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

**Roster of Officials  
June 30, 2013**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Frank P. Giarratano, President	2015
Robert Kurland, Vice President	2015
Rosemary Chabala	2016
Michael Friedberger	2014
Tara Maluszczak	2016
Michael Puzio	2014
Susan Shanik Salny	2014

**Other Officials**

Dr. Deborah J. Grefe	Superintendent of Schools
Donnamarie Palmiere	Board Secretary/Business Administrator
Lisa Palmieri, Treasurer	Treasurer

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
Consultants and Advisors

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

**Attorney**

Ms. Nathanya G. Simon  
Schwartz, Simon, Edelstein & Celso LLP  
100 South Jefferson Road  
Suite 200  
Whippany, NJ 07981

**Official Depository**

PNC National Bank  
East Main Street  
Rockaway, New Jersey 07866

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Park  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District, in the County of Morris, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

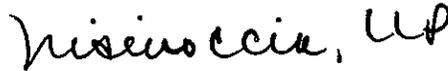
The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 3

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

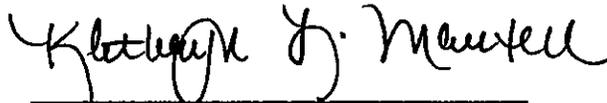
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



NISIVOCCIA, LLP

September 30, 2013  
Mt. Arlington, New Jersey



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Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

This section of Rockaway Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Financial Highlights**

- The District’s total net position increased by \$4,257,591, or 24.64%.
- Overall revenue was \$51,628,363.
- Overall expenditures were \$47,777,475.
- The District spent \$1,382,020 for the acquisition and construction of capital assets during the year - \$1,352,066 from its governmental activities and \$29,954 from its business-type activities.

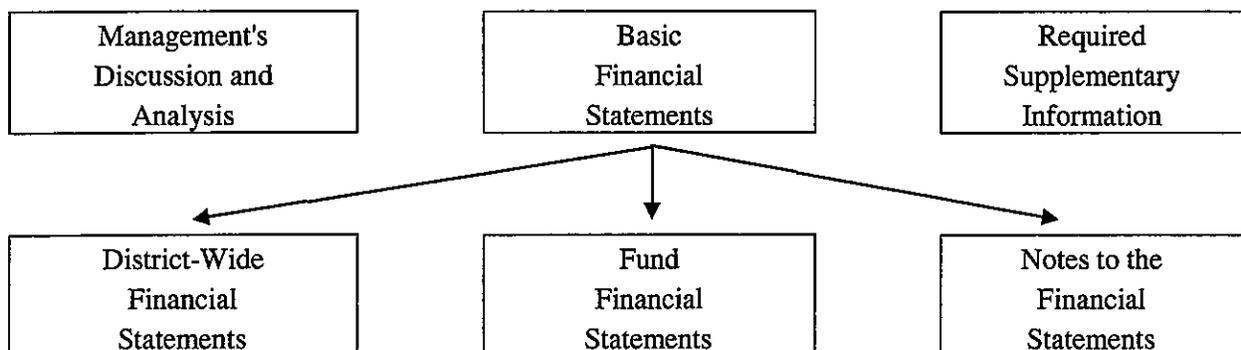
**Overview of the Financial Statements**

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, which report the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Rockaway Township School District’s Financial Report**



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

***District-wide Statements***

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

The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

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

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

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

***Fund Financial Statements***

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. The notes to the basic financial statements can be found immediately following the Fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's *combined* net position was \$21,533,550 on June 30, 2013, which is \$4,257,591, or 24.64%, more than it was the year before. (See Figure A-3).

**Figure A-3  
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	
Current and Other Assets	\$ 8,913,792	\$ 6,380,524	\$ 228,634	\$ 219,545	\$ 9,142,426	\$ 6,600,069	38.52%
Capital Assets	22,076,796	21,767,324	167,865	168,857	22,244,661	21,936,181	1.41%
Total Assets	<u>30,990,588</u>	<u>28,147,848</u>	<u>396,499</u>	<u>388,402</u>	<u>31,387,087</u>	<u>28,536,250</u>	9.99%
Long-Term Debt	9,541,949	10,411,969			9,541,949	10,411,969	-8.36%
Other Liabilities	237,736	773,951	73,852	74,371	311,588	848,322	-63.27%
Total Liabilities	<u>9,779,685</u>	<u>11,185,920</u>	<u>73,852</u>	<u>74,371</u>	<u>9,853,537</u>	<u>11,260,291</u>	-12.49%
Net Position:							
Net Investment in Capital Assets	13,981,031	12,834,344	167,865	168,857	14,148,896	13,003,201	8.81%
Restricted	6,498,698	3,998,991			6,498,698	3,998,991	62.51%
Unrestricted	<u>731,174</u>	<u>128,593</u>	<u>154,782</u>	<u>145,174</u>	<u>885,956</u>	<u>273,767</u>	223.62%
Total Net Position	<u>\$ 21,210,903</u>	<u>\$ 16,961,928</u>	<u>\$ 322,647</u>	<u>\$ 314,031</u>	<u>\$ 21,533,550</u>	<u>\$ 17,275,959</u>	24.64%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

*Changes in Net Position.* The District's combined net position increased \$4,257,591. Net position from governmental activities increased \$4,248,975 while net position from business-type activities increased \$8,616. Net investment in capital assets increased \$1,145,695 due to a \$837,216 net reduction in long-term debt, \$1,352,066 in capital expenses for equipment, vehicles and building improvements, and \$29,954 for food service equipment offset by \$1,067,392 of current year depreciation and \$6,148 in capital asset disposals. Restricted net position increased \$2,499,707 primarily due to the deposit of \$2,461,183 into the capital reserve account. Unrestricted net position increased by \$612,189 which was primarily attributable to \$2,890,204 in unexpended budget appropriations offset by the deposit of \$2,461,183 into the capital reserve account, excess local revenue of \$209,939, excess state revenue of \$337,391, excess federal revenue of \$722,941, cancellation of \$406,703 of prior year accounts payable for retroactive pay increases from contract negotiations, offset by withdrawals from the capital and maintenance reserve accounts of \$846,813, fund balance used to support the 2012-2013 budget of \$461,183, and payment of prior year encumbrances of \$164,088.

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	
Revenue:							
Program Revenue:							
Charges for Services	\$ 26,940	\$ 14,812	\$ 548,724	\$ 639,838	\$ 575,664	\$ 654,650	-12.07%
Operating Grants/Contributions	8,430,150	6,999,824	211,564	218,978	8,641,714	7,218,802	19.71%
General Revenue:							
Property Taxes	41,088,261	41,023,709			41,088,261	41,023,709	0.16%
Unrestricted Federal/State Aid	1,023,189	548,568			1,023,189	548,568	86.52%
Other	299,499	141,191	36	120	299,535	141,311	111.97%
Total Revenue	<u>50,868,039</u>	<u>48,728,104</u>	<u>760,324</u>	<u>858,936</u>	<u>51,628,363</u>	<u>49,587,040</u>	4.12%
Expenses:							
Instruction	24,129,842	23,811,832			24,129,842	23,811,832	1.34%
Pupil and Instruction Services	9,996,267	8,118,087			9,996,267	8,118,087	23.14%
Administrative and Business	4,752,772	4,843,645			4,752,772	4,843,645	-1.88%
Maintenance and Operations	4,254,749	4,369,599			4,254,749	4,369,599	-2.63%
Transportation	2,951,734	3,056,000			2,951,734	3,056,000	-3.41%
Other	940,403	934,945	751,708	804,046	1,692,111	1,738,991	-2.70%
Total Expenses	<u>47,025,767</u>	<u>45,134,108</u>	<u>751,708</u>	<u>804,046</u>	<u>47,777,475</u>	<u>45,938,154</u>	4.00%
Cancel Prior Year Accts. Payable	<u>406,703</u>				<u>406,703</u>		100.00%
Increase (Decrease) in Net Position	<u>\$ 4,248,975</u>	<u>\$ 3,593,996</u>	<u>\$ 8,616</u>	<u>\$ 54,890</u>	<u>\$ 4,257,591</u>	<u>\$ 3,648,886</u>	16.68%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

*Revenue Sources.* The District's total revenue for the 2012/13 school year was \$51,628,363. (Refer to Figure A-5). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$41,088,261 of the total, or 79.58 percent. Another \$7,001,069 or 13.56% came from state and federal aid for specific programs, \$2,663,834 or 5.16% came from State formula aid, and the remainder from miscellaneous sources. The Rockaway Township School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5**

**Sources of School District Revenue - Fiscal Years 2013 and 2012**

	<u>2013</u>	<u>Percentage</u>	<u>2012</u>	<u>Percentage</u>
Sources of Income:				
State Formula Aid	\$ 2,663,834	5.16%	\$ 2,312,925	4.67%
Property Taxes	41,088,261	79.58%	41,023,709	82.73%
Federal and State Categorical Grants	7,001,069	13.56%	5,454,445	11.00%
Charges for Services	575,664	1.12%	654,650	1.32%
Other	<u>299,535</u>	<u>0.58%</u>	<u>141,311</u>	<u>0.28%</u>
Total Revenue	<u>\$ 51,628,363</u>	<u>100.00%</u>	<u>\$ 49,587,040</u>	<u>100.00%</u>

The total cost of all programs and services was \$47,777,475. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.60%). (See Figure A-6.) The District's administration and business activities accounted for 9.95% of total costs. Maintenance and Operations costs constituted 8.91% of total costs. It is important to note that "other" expenses primarily include unallocated depreciation, interest on debt, and expenses from business-type activities.

**Figure A-6**

**Sources of School District Expenses - Fiscal Years 2013 and 2012**

Expense Category:	<u>2013</u>	<u>Percentage</u>	<u>2012</u>	<u>Percentage</u>
Instruction	\$ 24,129,842	50.50%	\$ 23,811,832	51.84%
Pupil and Instruction Services	9,996,267	20.92%	8,118,087	17.68%
Administrative and Business	4,752,772	9.95%	4,843,645	10.54%
Maintenance and Operations	4,254,749	8.91%	4,369,599	9.51%
Transportation	2,951,734	6.18%	3,056,000	6.65%
Other	<u>1,692,111</u>	<u>3.54%</u>	<u>1,738,991</u>	<u>3.78%</u>
	<u>\$ 47,777,475</u>	<u>100.00%</u>	<u>\$ 45,938,154</u>	<u>100.00%</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

***Governmental Activities***

The financial position of the District increased \$4,248,975 over the course of the year due primarily due to \$2,888,704 in unexpended budget appropriations (of which \$2,461,183 was deposited into the capital reserve account), \$406,703 in cancelation of prior year accounts payable for retroactive pay increases as a result of contract settlement, and in the reduction of debt associated with the net investment in capital assets of \$837,216. As a result of legislation (S-1701), the District is required to use \$281,725 of net position to fund the 2013/14 budget.

Existing programs with decreasing regular pupil enrollment and the provision of programs and services for students with special needs place great demands on the District's resources. During the past three years, several veteran teachers have retired and been replaced by teachers of less experience or the positions were eliminated. Such changes have generated salary savings, but these have not been sufficient to offset the rising costs, decreasing enrollment, special education requirements and health benefits.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other miscellaneous expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions.

**Figure A-7**

**Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2012/2013	2011/2012	2012/2013	2011/2012
Instruction	\$ 24,129,842	\$ 23,811,832	\$ 17,699,295	\$ 17,705,425
Pupil and Instruction Services	9,996,267	8,118,087	8,350,086	7,460,960
Administration and Business	4,752,772	4,843,645	4,512,969	4,610,862
Maintenance and Operations	4,254,749	4,369,599	4,254,749	4,369,599
Transportation	2,951,734	3,056,000	2,811,175	3,037,681
Other	940,403	934,945	940,403	934,945
	<u>\$ 47,025,767</u>	<u>\$ 45,134,108</u>	<u>\$ 38,568,677</u>	<u>\$ 38,119,472</u>

- The cost of all governmental activities this year was \$47,025,767.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$7,001,069.
- Most of the District's costs, however, were financed by District taxpayers (\$41,088,261).
- The remainder of the funding came from charges from services, miscellaneous revenue and investment earnings.

***Business-Type Activities***

The net position of the District's business-type activities increased \$8,616. (Refer to Figure A-4). Net position for the food service program increased \$6,680 due to increases in state and federal subsidies and student participation, and net position for the summer enrichment program increased \$1,936 primarily due to increased student participation.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Financial Analysis of the District's Funds**

The District's financial position remains strong despite changes in the student population and the rising cost of fixed obligations. A continued increase in special education enrollment has also forced the District to expand its classroom teaching and support staff. The cost of these teachers has been somewhat offset by salary reductions realized from the retirement of veteran staff members. Health benefit costs for all staff have increased dramatically in the past several years. The District has negotiated favorable health rates for 2012-2013. The District has installed solar panels at Stony Brook and Copeland Middle Schools to help offset escalating utility costs. The District's participation in several insurance pools has helped stabilize insurance rates.

Legislation (S-1701) which reduced the District's surplus funds to 2% of the budget has had a direct impact on the District's planning for upcoming years. The District now has less funds available in the event of an emergency or unanticipated special education tuition. Consideration must be given to suspending the practice of utilizing unappropriated fund balance to reduce the tax levy in future budgets. Increases in operating costs could exceed expected growth in the Township's ratables and could potentially increase local taxes in the future. In order to maintain a stable financial position, the District must continue its practice of sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were made up of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Capital Assets and Debt Administration**

**Figure A-8**

**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	
Land	\$ 3,242,866	\$ 3,242,866			\$ 3,242,866	\$ 3,242,866	0.00%
Buildings and Building Improvements	15,035,671	15,528,278			15,035,671	15,528,278	-3.17%
Machinery & Equipment	3,798,259	2,996,180	\$ 167,865	\$ 168,857	3,966,124	3,165,037	25.31%
Total Capital Assets, (Net of Depreciation)	<u>\$ 22,076,796</u>	<u>\$ 21,767,324</u>	<u>\$ 167,865</u>	<u>\$ 168,857</u>	<u>\$ 22,244,661</u>	<u>\$ 21,936,181</u>	1.41%

The increase in capital assets was \$308,480 for the fiscal year which was attributable to \$1,382,020 in additions - \$1,352,066 from its governmental activities for the acquisition of vehicles and equipment and building improvements in two schools and \$29,954 from its business-type activities for the acquisition of cafeteria equipment - offset by \$1,067,392 in current year depreciation (\$1,036,446 from its governmental and \$30,946 from its business-type activities) and \$6,148 in disposals (at net book or carrying value) during the year.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROCKAWAY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Capital Assets and Debt Administration**

**Long-term Debt**

At year-end, the District had \$5,740,000 in general obligation bonds outstanding which were offset by deferred interest of \$135,303 and reported as a net \$5,604,697. The decrease from the previous year represents bond principal payments of \$370,000. Capital leases payable decreased \$467,215 as a result of the acquisition of new school buses totaling \$379,416 offset by lease payments of \$846,631. The District's compensated absences payable decreased overall by \$45,106. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Debt**

	Total School District		Percent Change
	2012/2013	2011/2012	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 5,604,697	\$ 5,962,396	-6.00%
Obligations Under Capital Leases	2,355,765	2,822,980	-16.55%
Other Long-term Liabilities	1,581,487	1,626,593	-2.77%
	<u>\$ 9,541,949</u>	<u>\$ 10,411,969</u>	-8.36%

**Factors Bearing on the District's Future**

Increasing special education enrollment and associated costs, state mandates, as well as a 2% cap are placing a strain on the district's budget. The district continues to be prudent with minimal tax increases.

A demographic study was conducted this year suggesting a continual decrease in enrollment in the next five years. The district continues to allocate monies on a yearly basis for facility maintenance as well as replacement of transportation vehicles. The district has also been able to put money into Capital Reserve account and use it for major projects such as roofs, boilers, and other building improvements.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact School Business Administrator/Board Secretary at Rockaway Township School District Board of Education, 16 School Road, Hibernia, NJ 07842.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,955,099	\$ 200,605	\$ 2,155,704
Receivable from State Government	752,564	964	753,528
Receivable from Federal Government	165,424	13,070	178,494
Receivable from Other Governments	7,857		7,857
Inventories		13,883	13,883
Prepaid Expenses		112	112
Unamortized Bond Issuance Costs	74,274		74,274
Restricted Assets:			
Capital Reserve Account - Cash	5,334,583		5,334,583
Maintenance Reserve Account - Cash	623,991		623,991
Capital Assets:			
Sites (Land)	3,242,866		3,242,866
Depreciable Building and Building Improvements and Machinery and Equipment	18,833,930	167,865	19,001,795
<b>Total Assets</b>	<b><u>30,990,588</u></b>	<b><u>396,499</u></b>	<b><u>31,387,087</u></b>
<b>LIABILITIES:</b>			
Accrued Interest Payable	78,394		78,394
Accounts Payable	146,495	21,790	168,285
Payable to State Government	3,250		3,250
Prepaid Sales		9,506	9,506
Unearned Revenue	9,597	42,556	52,153
Noncurrent Liabilities:			
Due Within One Year, Net	1,107,927		1,107,927
Due Beyond One Year, Net	8,434,022		8,434,022
<b>Total Liabilities</b>	<b><u>9,779,685</u></b>	<b><u>73,852</u></b>	<b><u>9,853,537</u></b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	13,981,031	167,865	14,148,896
Restricted for:			
Debt Service	2		2
Other Purposes	6,498,696		6,498,696
Unrestricted	731,174	154,782	885,956
<b>Total Net Position</b>	<b><u>\$ 21,210,903</u></b>	<b><u>\$ 322,647</u></b>	<b><u>\$ 21,533,550</u></b>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 15,480,699		\$ 3,660,597		\$ (11,820,102)		\$ (11,820,102)
Special Education	7,567,684		2,634,076		(4,933,608)		(4,933,608)
Other Special Instruction	1,026,511		129,319		(897,192)		(897,192)
Other Instruction	54,948		6,555		(48,393)		(48,393)
<b>Support Services:</b>							
Tuition	1,574,261	\$ 20,323	611,180		(942,758)		(942,758)
Student & Instruction Related Services	8,422,006		1,014,678		(7,407,328)		(7,407,328)
General Administration Services	918,540		56,120		(862,420)		(862,420)
School Administration Services	2,585,976		183,683		(2,402,293)		(2,402,293)
Central Services	647,484				(647,484)		(647,484)
Administrative Information Technology	600,772				(600,772)		(600,772)
Plant Operations and Maintenance	4,254,749				(4,254,749)		(4,254,749)
Pupil Transportation	2,951,734	6,617	133,942		(2,811,175)		(2,811,175)
Capital Outlay	1,830				(1,830)		(1,830)
Transfer of Funds to Charter Schools	26,526				(26,526)		(26,526)
Interest on Long-Term Debt	256,702				(256,702)		(256,702)
Unallocated Depreciation	655,345				(655,345)		(655,345)
<b>Total Governmental Activities</b>	<b>47,025,767</b>	<b>26,940</b>	<b>8,430,150</b>		<b>(38,568,677)</b>		<b>(38,568,677)</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities:							
Food Service Program	\$ 725,887	\$ 520,969	\$ 211,564		\$ 6,646	\$ 6,646	
Summer Enrichment Program	25,821	27,755			1,934	1,934	
Total Business-type Activities	<u>751,708</u>	<u>548,724</u>	<u>211,564</u>		<u>8,580</u>	<u>8,580</u>	
Total Primary Government	<u>\$ 47,777,475</u>	<u>\$ 575,664</u>	<u>\$ 8,641,714</u>	<u>\$ - 0 -</u>	<u>\$ (38,568,677)</u>	<u>8,580</u>	<u>(38,560,097)</u>
General Revenue and Other Special Items:							
Property Taxes, Levied for General Purposes, Net				40,625,927		40,625,927	
Taxes Levied for Debt Service				462,334		462,334	
Federal and State Aid not Restricted				1,023,189		1,023,189	
Miscellaneous Income				299,499	36	299,535	
Cancelation of Prior Year Accounts Payable				406,703		406,703	
Total General Revenue				<u>42,817,652</u>	<u>36</u>	<u>42,817,688</u>	
Change in Net Position				4,248,975	8,616	4,257,591	
Net Position - Beginning				<u>16,961,928</u>	<u>314,031</u>	<u>17,275,959</u>	
Net Position - Ending				<u>\$ 21,210,903</u>	<u>\$ 322,647</u>	<u>\$ 21,533,550</u>	

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,955,097		\$ 2	\$ 1,955,099
Receivables From State Government	731,087	\$ 21,477		752,564
Receivables From Federal Government		165,424		165,424
Interfund Receivable	169,614			169,614
Other Accounts Receivable	2,457	5,400		7,857
Restricted Cash and Cash Equivalents	5,958,574			5,958,574
<b>Total Assets</b>	<b>\$ 8,816,829</b>	<b>\$ 192,301</b>	<b>\$ 2</b>	<b>\$ 9,009,132</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 136,655	\$ 9,840		\$ 146,495
Interfund Payable		169,614		169,614
Payable to State Government		3,250		3,250
Unearned Revenue		9,597		9,597
<b>Total Liabilities</b>	<b>136,655</b>	<b>192,301</b>		<b>328,956</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve Account	5,334,583			5,334,583
Maintenance Reserve Account	623,991			623,991
Debt Service			\$ 2	2
Excess Surplus	281,725			281,725
Excess Surplus - Designated For Subsequent Year's Expenditures	258,397			258,397
<b>Assigned to:</b>				
Year-end Encumbrances	374,802			374,802
Unassigned	1,806,676			1,806,676
<b>Total Fund Balances</b>	<b>8,680,174</b>		<b>2</b>	<b>8,680,176</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,816,829</b>	<b>\$ 192,301</b>	<b>\$ 2</b>	<b>\$ 9,009,132</b>

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

Total Fund Balances (Above)	\$ 8,680,176
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$38,494,397 and accumulated depreciation is \$16,417,601.	22,076,796
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(9,677,252)
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(78,394)
Bond issuance costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The cost is \$128,293 of which \$54,019 has been amortized.	74,274
Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The deferred interest is \$233,707 of which \$98,404 has been amortized.	135,303
<b>Net Position of Governmental Activities</b>	<b>\$ 21,210,903</b>

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

#NAME?  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 #NAME?

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 40,625,927		\$ 462,334	\$ 41,088,261
Tuition	20,323			20,323
Transportation Fees from Other LEAs	6,617			6,617
Interest Earned on Capital Reserve Funds	6,910			6,910
Interest Earned on Maintenance Reserve Funds	1,307			1,307
Miscellaneous	291,282	\$ 14,150		305,432
<b>Total - Local Sources</b>	<b>40,952,366</b>	<b>14,150</b>	<b>462,334</b>	<b>41,428,850</b>
State Sources	7,543,164	95,331	150,248	7,788,743
Federal Sources	872,941	777,505		1,650,446
<b>Total Revenue</b>	<b>49,368,471</b>	<b>886,986</b>	<b>612,582</b>	<b>50,868,039</b>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	10,723,660	89,922		10,813,582
Special Education Instruction	4,850,484	185,884		5,036,368
Other Special Instruction	676,621			676,621
Vocational Education				
Other Instruction	37,211			37,211
Support Services and Undistributed Costs:				
Tuition	963,081	611,180		1,574,261
Student & Instruction Related Services	5,674,523			5,674,523
General Administration Services	777,304			777,304
School Administration Services	1,827,098			1,827,098
Central Services	473,185			473,185
Administrative Information Technology	518,436			518,436
Plant Operations and Maintenance	3,652,809			3,652,809

#NAME?  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 #NAME?

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES:</b>				
Current:				
Support Services and Undistributed Costs:				
Pupil Transportation	\$ 2,499,334			\$ 2,499,334
Unallocated Benefits	13,029,120			13,029,120
Capital Outlay	1,353,896			1,353,896
Transfer to Charter School	26,526			26,526
Debt Service:				
Principal			\$ 370,000	370,000
Interest and Other Charges			242,581	242,581
Total Expenditures	47,083,288	\$ 886,986	612,581	48,582,855
Excess of Revenue over Expenditures	2,285,183		1	2,285,184
<b>OTHER FINANCING SOURCES:</b>				
Cancellation of Prior Year Accounts Payable	406,703			406,703
Capital Leases (Non-Budgeted)	379,416			379,416
Total Other Financing Sources	786,119			786,119
Net Change in Fund Balances	3,071,302		1	3,071,303
Fund Balance—July 1	5,608,872		1	5,608,873
Fund Balance—June 30	\$ 8,680,174	\$ - 0 -	\$ 2	\$ 8,680,176

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 3,071,303

Amounts Reported for Governmental Activities in the Statement Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the disposal of capital assets in the period.

	Depreciation Expense	\$ (1,036,446)	
Disposal of Capital Assets, Net of Accumulated Depreciation		(6,148)	
	Capital Outlays	<u>1,352,066</u>	
			309,472

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). 45,106

Lease obligations are other financing sources in the Governmental Fund, but the obligations increase Long-term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities. (379,416)

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+). 846,631

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities (+). 370,000

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).	\$ (12,301)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition to the reconciliation (+).	4,933
The governmental funds report the effect of issuance costs when debt is first issued, where as these amounts are deferred and amortized in the statement of activities (-).	<u>(6,753)</u>
Change in Net Position of Governmental Activities (from Exhibit A-2)	<u>\$ 4,248,975</u>

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

Exhibit B-4

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Non-Major Business-Type Activities <u>Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 200,605
Accounts Receivable:	
State	964
Federal	13,070
Prepaid Expenses	112
Inventories	<u>13,883</u>
Total Current Assets	<u>228,634</u>
Capital Assets:	
Equipment	397,115
Accumulated Depreciation	<u>(229,250)</u>
Total Capital Assets	<u>167,865</u>
Total Assets	<u>396,499</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	21,790
Prepaid Sales	9,506
Unearned Revenue	<u>42,556</u>
Total Current Liabilities	<u>73,852</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	167,865
Unrestricted	<u>154,782</u>
Total Net Position	<u>\$ 322,647</u>

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

Exhibit B-5

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Non-Major Business-Type Activities Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 280,656
Daily Sales - Non-Reimbursable Programs	226,045
Special Functions	13,454
Program Fees	<u>28,569</u>
Total Operating Revenue	<u>548,724</u>
Operating Expenses:	
Cost of Sales	306,924
Salaries	251,682
Supplies and Materials	26,888
Employee Benefits	67,077
Purchased Professional Services	66,441
Transportation	1,750
Depreciation	<u>30,946</u>
Total Operating Expenses	<u>751,708</u>
Operating Loss	<u>(202,984)</u>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	7,295
Federal Sources:	
National School Lunch Program	150,460
National School Breakfast Program	7,446
Special Milk Program	2,445
Food Distribution Program	43,918
Local Sources:	
Interest Income	<u>36</u>
Total Non-Operating Revenue	<u>211,600</u>
Change in Net Position	8,616
Net Position - Beginning of Year	<u>314,031</u>
Net Position - End of Year	<u>\$ 322,647</u>

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

Exhibit B-6

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Non-Major Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 561,580
Payments to Employees	(318,759)
Payments to Suppliers	(373,509)
Net Cash Used for Operating Activities	<u>(130,688)</u>
Cash Flows from Investing Activities:	
Interest Income	36
Net Cash Provided by Investing Activities	<u>36</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(29,954)
Net Cash Used for Capital and Related Financing Activities	<u>(29,954)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	163,591
Net Cash Provided by Noncapital Financing Activities	<u>163,591</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,985
Cash and Cash Equivalents, July 1	<u>197,620</u>
Cash and Cash Equivalents, June 30	<u>\$ 200,605</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities:	
Operating Loss	\$ (202,984)
Adjustment to Reconcile Operating Loss to Cash used for Operating Activities:	
Depreciation	30,946
Federal Food Distribution Program	43,918
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable, Other	130
(Increase)/Decrease in Prepaid Expenses	(40)
(Increase)/Decrease in Inventory	(2,138)
Increase/(Decrease) in Unearned Revenue	3,103
Increase/(Decrease) in Prepaid Sales	9,506
Increase/(Decrease) in Accounts Payable	(13,129)
Net Cash Used for Operating Activities	<u>\$ (130,688)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$43,761 and \$43,918, respectively.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2013

	Agency	Unemployment Compensation Trust	Flex Spending Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 371,317	\$ 315,351	\$ 5,846
Total Assets	371,317	315,351	5,846
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	188,729		
Accrued Salaries and Wages	40,821		
Due to Family Outreach	752		
Due to Student Groups	141,015		
Total Liabilities	371,317		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		315,351	
Held in Trust for Flex Spending Claims			5,846
Total Net Postion	\$ -0-	\$ 315,351	\$ 5,846

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 79,644	\$ 31,733
Employer	200,000	
Interest Earnings	16	2
Total Contributions	<u>279,660</u>	<u>31,735</u>
 <b>DEDUCTIONS:</b>		
Unemployment Benefit Claims	74,373	
Flex Spending Claims		31,710
Total Deductions	<u>74,373</u>	<u>31,710</u>
Change in Net Position	205,287	25
Net Position - Beginning of the Year	<u>110,064</u>	<u>5,821</u>
Net Position - End of the Year	<u>\$ 315,351</u>	<u>\$ 5,846</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include five elementary schools and a middle school located in the Township of Rockaway. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

District-Wide Financial Statements:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
(Continued)

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

**B. Basis of Presentation: (Cont'd)**

The District reports the following proprietary funds:

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

**Enterprise (Summer Enrichment) Fund:** This Enterprise Fund accounts for all revenue and expenses pertaining to the District's summer enrichment program. The fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

**Fiduciary Funds:** The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities and Payroll Agency, and Flex Spending and Unemployment Compensation Insurance Trust Funds.

**C. Measurement Focus and Basis of Accounting:**

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

Explanation of Differences between Budgetary Inflows and Outflows  
and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 49,801,966	\$ 893,478
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		(6,492)
Prior Year State Aid payments recognized for GAAP Statements	226,058	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	(252,850)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 49,775,174	\$ 886,986

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:	General	Special
Uses/Outflows of Resources:	Fund	Revenue Fund
	_____	_____
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 47,083,288	\$ 893,478
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(6,492)
	_____	_____
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 47,083,288</u>	<u>\$ 886,986</u>

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

F. Interfund Transactions:

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

F. Interfund Transactions:

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

K. Capital Assets:

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

K. Capital Assets:

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

	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2013, the amount earned by these employees but not disbursed was \$40,821.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with District personnel policies. Upon termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after varying years of service based upon employees' individual contracts.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$8,680,174 General Fund balance at June 30, 2013, \$374,802 is assigned for encumbrances; \$5,334,583 is restricted in the capital reserve account; \$258,397 is the prior year excess surplus and has been restricted for and included as anticipated revenue for the fiscal year ending June 30, 2014; \$623,991 is restricted in the maintenance reserve account; \$281,725 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 20, 2015; and \$1,806,676 is unassigned fund balance, which is \$252,850 less on the GAAP basis.

Debt Service Fund: The Debt Service Fund balance at June 30, 2013 of \$2 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had \$281,725 in current year excess surplus and \$258,397 in prior year excess surplus as described above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$252,850 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

Q. Net Position:

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

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

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

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

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2013.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances at June 30, 2013.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

S. Deficit Fund Balances/Net Position:

The District did not have any deficit fund balances or net position at June 30, 2013.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for food service and summer enrichment program fees. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2013, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Capital and Maintenance Reserve Accounts	Total
Checking and Savings Accounts	\$ 2,848,218	\$ 5,958,574	\$ 8,806,792

During the period ended June 30, 2013, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$8,806,792 and the bank balance was \$9,719,435.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 3,117,908
Increased by:	
Interest Earnings	6,910
Unexpended Capital Outlay Appropriations	575,395
Deposit approved by Board Resolution	2,461,183
	6,161,396
Decreased by:	
Budgeted Withdrawal for Capital Outlay	(826,813)
Ending Balance, June 30, 2013	\$ 5,334,583

The balance in the capital reserve account as of June 30, 2013 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The budgeted withdrawal from the capital reserve account was for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
(Continued)

**NOTE 5. MAINTENANCE RESERVE ACCOUNT**

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 622,684
Increased by:	
Interest Earnings	1,307
Unexpended Maintenance Appropriations	20,000
	<u>643,991</u>
Decreased by:	
Budgeted Withdrawal for Maintenance	<u>(20,000)</u>
Ending Balance, June 30, 2013	<u>\$ 623,991</u>

**NOTE 6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,242,866			\$ 3,242,866
Total Capital Assets not Being Depreciated	<u>3,242,866</u>			<u>3,242,866</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	27,353,270	\$ 251,418		27,604,688
Machinery and Equipment	6,627,876	1,100,648	\$ (81,681)	7,646,843
Total Capital Assets Being Depreciated	<u>33,981,146</u>	<u>1,352,066</u>	<u>(81,681)</u>	<u>35,251,531</u>
Governmental Activities Capital Assets	<u>37,224,012</u>	<u>1,352,066</u>	<u>(81,681)</u>	<u>38,494,397</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Buildings and Building Improvements	\$ (11,824,992)	\$ (744,025)		\$ (12,569,017)
Machinery and Equipment	<u>(3,631,696)</u>	<u>(292,421)</u>	\$ 75,533	<u>(3,848,584)</u>
Total Accumulated Depreciation	<u>(15,456,688)</u>	<u>(1,036,446)</u>	<u>75,533</u>	<u>(16,417,601)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,767,324</u>	<u>\$ 315,620</u>	<u>\$ (6,148)</u>	<u>\$ 22,076,796</u>
Business -Type Activities:				
Capital Assets Being Depreciated				
Furniture and Equipment	\$ 367,161	\$ 29,954		\$ 397,115
Less: Accumulated Depreciation	<u>(198,304)</u>	<u>(30,946)</u>		<u>(229,250)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 168,857</u>	<u>\$ (992)</u>	<u>\$ - 0 -</u>	<u>\$ 167,865</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 4,353
Special Education Instruction	39,903
Student & Instruction Related Services	3,006
Central Services	29,435
School Administrative Services	5,286
Plant Operations and Maintenance	44,153
Pupil Transportation	254,966
Unallocated Depreciation	<u>655,344</u>
	<u>\$ 1,036,446</u>

During the current fiscal year, the District entered into capital leases in the amount of \$379,416 for the acquisition of three buses. The District expended \$1,100,648 for the acquisition of vehicles and equipment, \$254,418 for improvements to buildings and incurred \$1,036,446 in depreciation expense. The District also disposed of capital assets with an original value of \$81,681, \$75,533 in accumulated depreciation, and a \$6,148 net carrying value.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance June 30, 2012	Accrued	Retired	Balance June 30, 2013
Serial Bonds Payable	\$ 6,110,000		\$ 370,000	\$ 5,740,000
Less: Deferred Amount on Refunding	(147,604)		12,301	(135,303)
Serial Bonds Payable, Net	5,962,396		382,301	5,604,697
Capital Leases Payable	2,822,980	\$ 379,416	846,631	2,355,765
Compensated Absences Payable	1,626,593	93,299	138,405	1,581,487
	<u>\$ 10,411,969</u>	<u>\$ 472,715</u>	<u>\$ 1,367,337</u>	<u>\$ 9,541,949</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund.

The District had bonds outstanding at June 30, 2013 as follows:

Issue Date	Final Maturity	<u>Serial Bonds</u>	Amount
		Interest Rates	
05/01/05	09/01/24	4.00% - 4.25%	<u>\$ 5,740,000</u>

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

Fiscal Year	<u>Bonds</u>		Total
	Principal	Interest	
2014	\$ 370,000	\$ 227,781	\$ 597,781
2015	365,000	213,081	578,081
2016	365,000	198,481	563,481
2017	360,000	183,981	543,981
2018	375,000	169,281	544,281
2019-2023	2,580,000	574,458	3,154,458
2024-2025	1,325,000	56,844	1,381,844
	<u>\$ 5,740,000</u>	<u>\$ 1,623,907</u>	<u>\$ 7,363,907</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
(Continued)

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

**A. Bonds Payable:**

On June 8, 2005, the Rockaway Township School District issued \$8,165,000 refunding bonds with interest rates ranging from 3.0% to 4.25% to advance refund \$7,803,000 school bonds with interest rates ranging from 4.75% to 4.85%. The refunding bonds mature on September 1, 2005 through 2024 and September 1, 2015 is the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on September 1, 2006. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were eliminated from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$400,759, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$275,779. Interest in the amount of \$233,707 was deferred upon issuance, \$12,301 was amortized during the current fiscal year, and \$135,303 is deferred at June 30, 2013.

**B. Bonds Authorized But Not Issued:**

As of June 30, 2013, the District has no bonds authorized but not issued.

**C. Capital Leases Payable:**

The District purchased various vehicles and buses under capital leases. All capital leases are for terms of three years and will be retired through the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2013.

	Amount
2014	\$ 815,383
2015	815,383
2016	779,722
2017	80,055
	2,490,543
Less: Amount Representing Interest	(134,778)
Present Value of Net Minimum Lease Payments	\$ 2,355,765

The current portion of capital leases payable is \$750,228 and the long term portion is \$1,605,537.

**D. Compensated Absences Payable:**

No portion of the compensated absences balance represents a current liability; therefore, the entire balance of \$1,581,487 is reported as a long-term liability in the governmental fund types. The General Fund will be used to liquidate Compensated Absences Payable.

There is no liability for compensated absences in the District's Enterprise Funds.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2013, the District made transfers to capital outlay accounts in the amount of \$24,623 for equipment which did not require county superintendent approval.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The PERS and TPAF are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions of 5.5% of employees' annual compensation for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to \$683,209, \$704,641 and \$614,683 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively.

The State of New Jersey made TPAF pension contributions on behalf of the District in the amount of \$1,337,447, \$696,182, and \$-0- for the fiscal years ended June 30, 2013, 2012 and 2011, respectively.

Employee and employer contributions to DCRP for the fiscal years ended June 30, 2013, 2012 and 2011 were \$33,556, \$15,820 and \$4,360, respectively.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
(Continued)

**NOTE 10. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,512,315, \$1,399,507 and \$1,415,038 for 2013, 2012 and 2011, respectively.

**NOTE 11. DEFERRED COMPENSATION**

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

Ameriprise Financial Advisors	Lincoln Life Group
AXA Equitable	Metropolitan Life Insurance Company
The Legend Group	VALIC

AXA Equitable, The Legend Group, and Lincoln Life Group are the plan administrators for the District's Internal Revenue Code Section 457 plans.

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

The District's balance sheets reflect the following interfunds at June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 169,614	
Special Revenue Fund		\$ 169,614
	\$ 169,614	\$ 169,614

The interfund between the General Fund and Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of federal grants receivable.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross/Blue Shield. The District's insurance broker, G.R. Murray Insurance, oversees risk management for the District.

Property and Liability Insurance

The Rockaway Township School District is a member of School Alliance Insurance Fund ("SAIF") and the New Jersey School Boards' Association Insurance Group ("NJSBAIG"). The SAIF provides the District with comprehensive general liability, automobile liability, property, boiler and machinery and school board legal liability insurance. The NJSBAIG provides the District with workers' compensation insurance coverage.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The SAIF and NJSBAIG are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and NJSBAIG are elected.

As a member of the SAIF and NJSBAIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF and NJSBAIG were to be exhausted, members would become responsible for their respective shares of the SAIF and NJSBAIG's liabilities. The SAIF and NJSBAIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2013 financial statements for the SAIF and NJSBAIG were not available as of the date of this report, however, selected financial information for the SAIF and NJSBAIG as of June 30, 2012 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>New Jersey School Boards' Association Insurance Group</u>
Total Assets	\$ 36,551,011	\$ 267,924,509
Net Position	\$ 12,224,220	\$ 64,143,384
Total Revenue	\$ 28,022,109	\$ 85,639,095
Total Expenses	\$ 28,300,068	\$ 84,297,968
Change in Net Position	\$ (277,959)	\$ 1,341,127
Members Dividends	\$ -0-	\$ -0-

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

Financial Statements for SAIF are available at SAIF's Executive Director's Office:  
Public Entity Group Administrative Services  
51 Everett Drive Suite B-40  
West Windsor, NJ 08550  
(609) 275-1155

Financial statements for the NJSBAIG are available at the NJSBAIG's Executive Director's Office:  
Willis Pooling  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District's Unemployment Fiduciary Fund for the current and previous two years follows:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 200,000	\$ 79,660	\$ 74,373	\$ 315,351
2012	100,000	71,676	168,770	110,064
2011	358,177	68,922	346,174	107,158

NOTE 14. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2013:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Speical Revenue Fund</u>	<u>Business-type Activities</u>	
Vendors	\$ 136,655	\$ 9,840	\$ 21,790	168,285
Due to Other Governments		3,250		3,250
	<u>\$ 136,655</u>	<u>\$ 13,090</u>	<u>\$ 21,790</u>	<u>\$ 171,535</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District estimates that any potential claims against it resulting from litigation which would not be covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2013, there were encumbrances as detailed below in the governmental funds.

General Fund	Speical Revenue Fund	Total Governmental Funds
\$ 374,802	\$ 9,597	\$ 384,399

In the District's Governmental Funds Balance Sheet as of June 30, 2013, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$9,597 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund.

NOTE 16. TAX CALENDAR

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

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

NOTE 17. ECONOMIC DEPENDENCY

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

**BUDGETARY COMPARISON SCHEDULES**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources:					
Local Tax Levy	\$ 40,625,927		\$ 40,625,927	\$ 40,625,927	
Tuition - From Other LEA's				20,323	\$ 20,323
Transportation Fees - From Individuals	2,000		2,000	6,617	4,617
Interest Earned on Capital Reserve Funds	3,000		3,000	6,910	3,910
Interest Earned on Maintenance Reserve Funds				1,307	1,307
Other Restricted Miscellaneous Revenue	101,500		101,500	280,063	178,563
Miscellaneous	10,000		10,000	11,219	1,219
Total - Local Sources	40,742,427		40,742,427	40,952,366	209,939
State Sources:					
Transportation Aid	129,244		129,244	129,244	
Security Aid	42,649		42,649	42,649	
Special Education Aid	1,530,639		1,530,639	1,530,639	
Equalization Aid	961,302		961,302	961,302	
Extraordinary Aid	324,572		324,572	644,997	320,425
Nonpublic Transportation				16,966	16,966
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,337,447	1,337,447
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,512,315	1,512,315
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,394,397	1,394,397
Total State Sources	2,988,406		2,988,406	7,569,956	4,581,550
Federal Sources:					
Impact Aid	150,000		150,000	872,941	722,941
Total Federal Sources	150,000		150,000	872,941	722,941
Total Revenue	43,880,833		43,880,833	49,395,263	5,514,430

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers		\$ 72,776	\$ 72,776	\$ 66,830	\$ 5,946
Kindergarten - Salaries of Teachers	\$ 452,046	(43,661)	408,385	384,061	24,324
Grades 1-5 - Salaries of Teachers	6,072,780	(153,305)	5,919,475	5,808,114	111,361
Grades 6-8 - Salaries of Teachers	3,779,861	7,790	3,787,651	3,745,317	42,334
Regular Programs - Home Instruction:					
Salaries of Teachers	14,000	13,330	27,330	27,330	
Purchased Professional-Educational Services	4,000	(3,765)	235	234	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	83,788	1,559	85,347	82,036	3,311
Purchased Professional-Educational Services	16,400	(10,900)	5,500	2,570	2,930
General Supplies	473,637	151,949	625,586	424,836	200,750
Textbooks	146,467	25,442	171,909	163,271	8,638
Other Objects	25,000	220	25,220	19,061	6,159
<b>Total Regular Programs - Instruction</b>	<b>11,067,979</b>	<b>61,435</b>	<b>11,129,414</b>	<b>10,723,660</b>	<b>405,754</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	486,605	(11,993)	474,612	459,245	15,367
Other Salaries for Instruction	26,325	280	26,605	22,838	3,767
General Supplies	8,770	(6,000)	2,770	2,052	718
<b>Total Learning and/or Language Disabilities</b>	<b>521,700</b>	<b>(17,713)</b>	<b>503,987</b>	<b>484,135</b>	<b>19,852</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures:</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$ 379,287	\$ (64,382)	\$ 314,905	\$ 308,810	\$ 6,095
Other Salaries for Instruction	46,515	989	47,504	42,404	5,100
General Supplies	1,300		1,300	647	653
<b>Total Behavioral Disabilities</b>	<b>427,102</b>	<b>(63,393)</b>	<b>363,709</b>	<b>351,861</b>	<b>11,848</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	151,026	(160)	150,866	148,548	2,318
Other Salaries for Instruction	68,918	(8,280)	60,638	51,990	8,648
General Supplies	9,915	(5,748)	4,167	3,430	737
Other Objects	200		200		200
<b>Total Multiple Disabilities</b>	<b>230,059</b>	<b>(14,188)</b>	<b>215,871</b>	<b>203,968</b>	<b>11,903</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	3,128,135	(179,265)	2,948,870	2,948,870	
Other Salaries for Instruction	93,516	1,803	95,319	94,930	389
General Supplies	9,257		9,257	8,366	891
<b>Total Resource Room/Resource Center</b>	<b>3,230,908</b>	<b>(177,462)</b>	<b>3,053,446</b>	<b>3,052,166</b>	<b>1,280</b>
<b>Autism:</b>					
Salaries of Teachers	275,452	44,025	319,477	319,477	
Other Salaries for Instruction	9,350	37,584	46,934	46,416	518
General Supplies	12,215	2,885	15,100	14,043	1,057
Other Objects	200		200		200
<b>Total Autism</b>	<b>297,217</b>	<b>84,494</b>	<b>381,711</b>	<b>379,936</b>	<b>1,775</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures:</b>					
<b>Preschool Disabilities - Part Time:</b>					
Salaries of Teachers	\$ 148,740	\$ 1,195	\$ 149,935	\$ 149,684	\$ 251
Other Salaries for Instruction	85,838	(8,764)	77,074	75,502	1,572
General Supplies	5,520	(2,200)	3,320	2,269	1,051
Other Objects	1,000		1,000		1,000
<b>Total Preschool Disabilities - Part Time</b>	<b>241,098</b>	<b>(9,769)</b>	<b>231,329</b>	<b>227,455</b>	<b>3,874</b>
<b>Preschool Disabilities - Full Time:</b>					
Salaries of Teachers	167,628	(40,571)	127,057	114,295	12,762
Other Salaries for Instruction	60,996	(25,038)	35,958	34,979	979
General Supplies	4,292	(1,000)	3,292	1,689	1,603
<b>Total Preschool Disabilities - Full Time</b>	<b>232,916</b>	<b>(66,609)</b>	<b>166,307</b>	<b>150,963</b>	<b>15,344</b>
<b>Total Special Education - Instruction</b>	<b>5,181,000</b>	<b>(264,640)</b>	<b>4,916,360</b>	<b>4,850,484</b>	<b>65,876</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	428,534	10,519	439,053	437,812	1,241
<b>Total Basic Skills/Remedial - Instruction</b>	<b>428,534</b>	<b>10,519</b>	<b>439,053</b>	<b>437,812</b>	<b>1,241</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	246,020	(472)	245,548	238,809	6,739
<b>Total Bilingual Education - Instruction</b>	<b>246,020</b>	<b>(472)</b>	<b>245,548</b>	<b>238,809</b>	<b>6,739</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	18,000	9,326	27,326	27,326	
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>18,000</b>	<b>9,326</b>	<b>27,326</b>	<b>27,326</b>	

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/After School Programs- Instruction:					
Supplies and Materials	\$ 8,000	\$ (2,000)	\$ 6,000	\$ 1,776	\$ 4,224
Total Other Instructional Programs - Instruction:	8,000	(2,000)	6,000	1,776	4,224
Community Services Programs:					
Salaries	10,000		10,000	6,974	3,026
Purchased Services	1,500		1,500		1,500
Supplies and Materials	6,000	(1,750)	4,250	1,135	3,115
Total Community Services Programs	17,500	(1,750)	15,750	8,109	7,641
Total Instruction	16,967,033	(187,582)	16,779,451	16,287,976	491,475
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	436,853	(6,688)	430,165	430,164	1
Tuition to Private Schools for the Disabled - Within the State	400,420	134,128	534,548	532,917	1,631
Total Undistributed Expenditures - Instruction	837,273	127,440	964,713	963,081	1,632
Attendance & Social Work:					
Salaries	1,550		1,550	1,525	25
Purchased Professional-Technical Services	500	(500)			
Total Attendance & Social Work	2,050	(500)	1,550	1,525	25
Health Services:					
Salaries	508,827	(17,345)	491,482	491,482	
Purchased Professional and Technical Services	3,085	21,599	24,684	22,604	2,080
Other Purchased Services (400-500 series)	1,075	(600)	475		475
Supplies and Materials	23,200	3,344	26,544	25,400	1,144
Other Objects	2,600	100	2,700	2,446	254
Total Health Services	538,787	7,098	545,885	541,932	3,953

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, OT, PT and Related Services:					
Salaries	\$ 2,290,124	\$ 301,550	\$ 2,591,674	\$ 2,590,922	\$ 752
Purchased Professional - Educational Services	138,089	(4,766)	133,323	129,358	3,965
Supplies and Materials	18,060	(7,597)	10,463	9,926	537
Other Objects	4,800	(1,667)	3,133	496	2,637
<b>Total Speech, OT, PT and Related Services</b>	<b>2,451,073</b>	<b>287,520</b>	<b>2,738,593</b>	<b>2,730,702</b>	<b>7,891</b>
Other Support Services - Student - Extra Services					
Purchased Professional - Educational Services		22,616	22,616	22,616	
<b>Total Other Support Services - Student - Extra Services</b>		<b>22,616</b>	<b>22,616</b>	<b>22,616</b>	
Guidance:					
Salaries of Other Professional Staff	490,019	(19,683)	470,336	465,107	5,229
Salaries of Secretarial and Clerical Assistants	63,243	(505)	62,738	62,481	257
Purchased Professional - Educational Services	600	(355)	245		245
Other Purchased Professional and Technical Services	22,853	(19,000)	3,853	2,976	877
Other Purchased Services (400-500 series)		355	355	355	
Supplies and Materials	500	565	1,065	999	66
<b>Total Guidance</b>	<b>577,215</b>	<b>(38,623)</b>	<b>538,592</b>	<b>531,918</b>	<b>6,674</b>
Child Study Team:					
Salaries of Other Professional Staff	1,120,253	(55,296)	1,064,957	1,064,957	
Salaries of Secretarial and Clerical Assistants	176,375	(7,369)	169,006	168,884	122
Purchased Professional - Educational Services	5,850	370	6,220	6,191	29
Other Purchased Professional and Technical Services	22,500	(7,648)	14,852	14,017	835
Other Purchased Services	1,500		1,500	804	696
Miscellaneous Purchased Services (400-500 series)	3,500		3,500	682	2,818
Supplies and Materials	13,600	(565)	13,035	11,488	1,547
Other Objects	300		300		300
<b>Total Child Study Team</b>	<b>1,343,878</b>	<b>(70,508)</b>	<b>1,273,370</b>	<b>1,267,023</b>	<b>6,347</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures:</b>					
<b>Educational Media Services - School Library:</b>					
Salaries	\$ 289,448	\$ (1,143)	\$ 288,305	\$ 282,638	\$ 5,667
Purchased Professional and Technical Services	150	(100)	50		50
Other Purchased Services (400-500 series)	3,300	(620)	2,680	1,300	1,380
Supplies and Materials	29,500	(932)	28,568	26,209	2,359
<b>Total Educational Media Services - School Library</b>	<b>322,398</b>	<b>(2,795)</b>	<b>319,603</b>	<b>310,147</b>	<b>9,456</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisors of Instruction	90,000		90,000	80,000	10,000
Salaries of Other Professional Staff	20,000	4,699	24,699	24,699	
Salaries of Secretarial and Clerical Assistants	93,698	(3,819)	89,879	77,826	12,053
Purchased Professional - Educational Services	100,810	(8,293)	92,517	19,370	73,147
Other Purchased Services (400-500 series)	26,000	(17,300)	8,700	5,525	3,175
Supplies and Materials	6,000		6,000	633	5,367
Other Objects	5,000		5,000	3,525	1,475
<b>Total Improvement of Instructional Services</b>	<b>341,508</b>	<b>(24,713)</b>	<b>316,795</b>	<b>211,578</b>	<b>105,217</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Professional and Technical Services	18,000	(12,000)	6,000	55	5,945
Other Purchased Services (400-500 series)	22,300	(1,800)	20,500	4,171	16,329
Supplies and Materials	60,502	(6,000)	54,502	50,171	4,331
Other Objects	3,000		3,000	2,685	315
<b>Total Instructional Staff Training Services</b>	<b>103,802</b>	<b>(19,800)</b>	<b>84,002</b>	<b>57,082</b>	<b>26,920</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>General Administration:</b>					
Salaries	\$ 284,777	\$ 12,558	\$ 297,335	\$ 293,629	\$ 3,706
Legal Services	100,000	(15,817)	84,183	39,168	45,015
Audit Fees	76,000	(12,218)	63,782	54,505	9,277
Other Purchased Professional Services	66,200		66,200	28,062	38,138
Communications/Telephone	266,000		266,000	221,127	44,873
BOE Other Purchased Services	4,000		4,000	534	3,466
Miscellaneous Purchased Services (400-500 series)	125,272	10,977	136,249	100,925	35,324
General Supplies	3,000	1,400	4,400	2,583	1,817
BOE In-House Training and Meeting Supplies	2,500		2,500	1,985	515
Miscellaneous Expenditures	20,000		20,000	11,046	8,954
Board of Education Dues and Fees	28,000		28,000	23,740	4,260
<b>Total General Administration</b>	<b>975,749</b>	<b>(3,100)</b>	<b>972,649</b>	<b>777,304</b>	<b>195,345</b>
<b>School Administration:</b>					
Salaries of Principals/Assistant Principals	918,674	42,392	961,066	961,066	
Salaries of Other Professional Staff	122,108		122,108	122,107	1
Salaries of Secretarial and Clerical Assistants	687,451	(5,879)	681,572	668,079	13,493
Purchased Professional and Technical Services	4,500	6,500	11,000	10,795	205
Other Purchased Services (400-500 series)	13,250	(5,878)	7,372	1,680	5,692
Supplies and Materials	56,250	(14,865)	41,385	34,676	6,709
Other Objects	33,000	1,059	34,059	28,695	5,364
<b>Total School Administration</b>	<b>1,835,233</b>	<b>23,329</b>	<b>1,858,562</b>	<b>1,827,098</b>	<b>31,464</b>
<b>Central Services:</b>					
Salaries	508,028	(40,679)	467,349	444,291	23,058
Purchased Technical Services	19,000	660	19,660	19,660	
Miscellaneous Purchased Services (400-500 series)	8,700		8,700	1,433	7,267
Supplies and Materials	17,099	(660)	16,439	5,046	11,393
Miscellaneous Expenditures	3,000		3,000	2,755	245
<b>Total Central Services</b>	<b>555,827</b>	<b>(40,679)</b>	<b>515,148</b>	<b>473,185</b>	<b>41,963</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Administrative Information Technology:</b>					
Salaries	\$ 254,846		\$ 254,846	\$ 252,574	\$ 2,272
Purchased Technical Services	139,950	\$ 4,613	144,563	144,044	519
Other Purchased Services (400-500 series)	6,000	(4,800)	1,200	828	372
Supplies and Materials	97,500	22,850	120,350	120,003	347
Other Objects	5,000	(3,500)	1,500	987	513
<b>Total Administrative Information Technology</b>	<b>503,296</b>	<b>19,163</b>	<b>522,459</b>	<b>518,436</b>	<b>4,023</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	406,112	(189)	405,923	391,552	14,371
Cleaning, Repair and Maintenance Services	590,668	(12,700)	577,968	394,791	183,177
General Supplies	357,442		357,442	227,038	130,404
Other Objects	6,545		6,545		6,545
<b>Total Required Maintenance for School Facilities</b>	<b>1,360,767</b>	<b>(12,889)</b>	<b>1,347,878</b>	<b>1,013,381</b>	<b>334,497</b>
<b>Custodial Services:</b>					
Salaries	1,416,220	4,082	1,420,302	1,277,192	143,110
Purchased Professional - Technical Services	112,252		112,252	62,202	50,050
Cleaning, Repair and Maintenance Services	427,950	(17,450)	410,500	319,209	91,291
Rental of Land and Bldg. Other than Lease Purchase Agreement	1		1		1
Other Purchased Property Services	49,975		49,975	24,990	24,985
Insurance	139,604		139,604	125,935	13,669
Miscellaneous Purchased Services	40,593	(12,645)	27,948	20,771	7,177
General Supplies	137,662	(2,092)	135,570	72,001	63,569
Energy (Natural Gas)	306,000		306,000	273,360	32,640
Energy (Electricity)	585,000	(30,000)	555,000	302,240	252,760
Energy (Oil)	84,000	30,000	114,000	100,219	13,781
Other Objects	3,150		3,150	221	2,929
<b>Total Custodial Services</b>	<b>3,302,407</b>	<b>(28,105)</b>	<b>3,274,302</b>	<b>2,578,340</b>	<b>695,962</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Care and Upkeep of Grounds:					
General Supplies	\$ 25,000		\$ 25,000	\$ 15,665	\$ 9,335
<b>Total Care and Upkeep of Grounds</b>	<b>25,000</b>		<b>25,000</b>	<b>15,665</b>	<b>9,335</b>
Security:					
Salaries	48,000		48,000	45,423	2,577
General Supplies	500		500		500
<b>Total Security</b>	<b>48,500</b>		<b>48,500</b>	<b>45,423</b>	<b>3,077</b>
Student Transportation Services:					
Salaries:					
Between Home & School - Regular	1,293,066	\$ (86,172)	1,206,894	1,123,478	83,416
Between Home & School - Special Education	358,668	4,345	363,013	337,483	25,530
Other than Between Home & School	65,114	(519)	64,595	40,427	24,168
Between Home & School - Nonpublic Students	83,665	(3,985)	79,680	39,729	39,951
Cleaning, Repair and Maintenance Services	30,000	(19,240)	10,760	9,624	1,136
Lease Purchase Payments - School Buses	279,274	19,334	298,608	298,608	
Management Fee - ESC & CTSA Transportation Program	180,000	6,740	186,740	180,414	6,326
Contracted Services:					
Aid in Lieu Payments - Nonpublic Students	85,000	(4,689)	80,311	78,027	2,284
Miscellaneous Purchased Services - Transportation	46,855	700	47,555	45,944	1,611
General Supplies	10,000	(2,531)	7,469	4,208	3,261
Transportation Supplies	349,861	4,500	354,361	341,007	13,354
Other Objects	4,200		4,200	385	3,815
<b>Total Student Transportation Services</b>	<b>2,785,703</b>	<b>(81,517)</b>	<b>2,704,186</b>	<b>2,499,334</b>	<b>204,852</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Allocated Benefits:</b>					
<b>Regular Instruction:</b>					
Social Security Contributions	\$ 143,453	\$ (143,453)			
Other Retirement Contributions - PERS	549,728	(549,728)			
Other Retirement Contributions - Regular	7,500	(7,500)			
Unemployment Compensation	100,000	(100,000)			
Workmen's Compensation	118,378	(118,378)			
Health Benefits	3,021,797	(3,021,797)			
Tuition Reimbursement	71,429	(71,429)			
Other Employee Benefits	156,116	(156,116)			
<b>Special Education:</b>					
Social Security Contributions	65,401	(65,401)			
Workmen's Compensation	46,080	(46,080)			
Health Benefits	1,382,821	(1,382,821)			
Tuition Reimbursement	28,571	(28,571)			
Other Employee Benefits	121,258	(121,258)			
<b>Other Instructional Programs:</b>					
Social Security Contributions	33,931	(33,931)			
<b>Health Services:</b>					
Social Security Contributions	7,754	(7,754)			
Workmen's Compensation	5,800	(5,800)			
Health Benefits	126,694	(126,694)			
<b>Speech, OT, PT and Related Services:</b>					
Social Security Contributions	22,118	(22,118)			
Workmen's Compensation	17,116	(17,116)			
Health Benefits	358,486	(358,486)			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Allocated Benefits (Cont'd):					
Other Support Services - Guidance:					
Social Security Contributions	\$ 6,456	\$ (6,456)			
Workmen's Compensation	4,896	(4,896)			
Health Benefits	103,719	(103,719)			
Other Support Services - Child Study Team:					
Social Security Contributions	15,714	(15,714)			
Workmen's Compensation	11,718	(11,718)			
Health Benefits	254,765	(254,765)			
Improvement of Instruction Services:					
Social Security Contributions	7,295	(7,295)			
Workmen's Compensation	5,944	(5,944)			
Health Benefits	115,872	(115,872)			
Educational Media Services/School Library:					
Social Security Contributions	5,768	(5,768)			
Workmen's Compensation	4,075	(4,075)			
Health Benefits	92,288	(92,288)			
Support Services - General Administration:					
Social Security Contributions	112,098	(112,098)			
Workmen's Compensation	5,264	(5,264)			
Health Benefits	80,087	(80,087)			
Support Services - School Administration:					
Social Security Contributions	46,519	(46,519)			
Workmen's Compensation	16,157	(16,157)			
Health Benefits	227,656	(227,656)			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Allocated Benefits (Cont'd):					
Central Services:					
Social Security Contributions	\$ 27,285	\$ (27,285)			
Workmen's Compensation	5,540	(5,540)			
Health Benefits	93,385	(93,385)			
Administration Information Technology:					
Social Security Contributions	11,667	(11,667)			
Workmen's Compensation	3,107	(3,107)			
Health Benefits	51,632	(51,632)			
Custodial Services:					
Social Security Contributions	92,867	(92,867)			
Other Retirement Contributions - PERS	302,272	(302,272)			
Workmen's Compensation	68,247	(68,247)			
Health Benefits	407,654	(407,654)			
Other Employee Benefits	27,912	(27,912)			
Student Transportation Services:					
Social Security Contributions	43,925	(43,925)			
Workmen's Compensation	52,678	(52,678)			
Health Benefits	722,394	(722,394)			
Other Employee Benefits	34,963	(34,963)			
<b>Total Allocated Benefits</b>	<b>9,446,250</b>	<b>(9,446,250)</b>			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Group Health Benefits		\$ 7,015,973	\$ 7,015,973	\$ 6,693,504	\$ 322,469
Social Security Contributions		655,230	655,230	654,635	595
Other Retirement Contributions - PERS		727,400	727,400	683,209	44,191
Other Retirement Contributions - Regular		38,100	38,100	33,556	4,544
Unemployment Compensation		200,000	200,000	200,000	
Workmen's Compensation		365,000	365,000	228,263	136,737
Tuition Reimbursement		100,000	100,000	62,079	37,921
Other Employee Benefits		347,547	347,547	229,715	117,832
Total Unallocated Benefits		9,449,250	9,449,250	8,784,961	664,289
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,337,447	(1,337,447)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,512,315	(1,512,315)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,394,397	(1,394,397)
Total On-Behalf Contributions				4,244,159	(4,244,159)
Total Personal Services - Employee Benefits	\$ 9,446,250	3,000	9,449,250	13,029,120	(3,579,870)
Total Undistributed Expenditures	27,356,716	166,937	27,523,653	29,414,890	(1,891,237)
Total Current Expense	44,323,749	(20,645)	44,303,104	45,702,866	(1,399,762)
Capital Outlay:					
Equipment:					
Grades 6-8	2,000	2,000	4,000	2,701	1,299
Multiple Disabilities	3,000		3,000	2,700	300
Autism	3,000		3,000	2,034	966
School Administration	2,000	(2,000)			
Administrative Information Technology	15,000		15,000	14,233	767
Custodial Services	644,949	2,092	647,041	647,033	8
Student Transportation - Non-instructional Equipment	30,000	22,531	52,531	52,531	
Total Equipment	699,949	24,623	724,572	721,232	3,340

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 283,700		\$ 283,700	\$ 251,418	\$ 32,282
Other Objects	1,830	\$ (1,830)			
Assessment for Debt Serv on SDA Funding		1,830	1,830	1,830	
Total Facilities Acquisition and Construction Services	<u>285,530</u>		<u>285,530</u>	<u>253,248</u>	<u>32,282</u>
Assets Acquired Under Capital Leases (Non-budgeted):					
Student Transportation Services				379,416	(379,416)
Total Assets Acquired Under Capital Leases (Non-budgeted)				<u>379,416</u>	<u>(379,416)</u>
Total Capital Outlay	<u>985,479</u>	<u>24,623</u>	<u>1,010,102</u>	<u>1,353,896</u>	<u>(343,794)</u>
Special Schools:					
Summer School - Instruction:					
Other Objects	900		900		900
Total Special Schools - Summer School	<u>900</u>		<u>900</u>		<u>900</u>
Transfer of Funds to Charter Schools	<u>39,789</u>	<u>(3,978)</u>	<u>35,811</u>	<u>26,526</u>	<u>9,285</u>
Total Expenditures	<u>45,349,917</u>		<u>45,349,917</u>	<u>47,083,288</u>	<u>(1,733,371)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,469,084)		(1,469,084)	2,311,975	3,781,059
Other Financing Sources:					
Cancelation of Prior Year Accounts Payable				406,703	406,703
Capital Leases (Non-budgeted)				379,416	379,416
Total Other Financing Sources				<u>786,119</u>	<u>786,119</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ (1,469,084)		\$ (1,469,084)	\$ 3,098,094	\$ 4,567,178
Fund Balance, July 1	<u>5,834,930</u>		<u>5,834,930</u>	<u>5,834,930</u>	
Fund Balance, June 30	<u>\$ 4,365,846</u>	<u>\$ -0-</u>	<u>\$ 4,365,846</u>	<u>\$ 8,933,024</u>	<u>\$ 4,567,178</u>
Recapitulation:					
Restricted for:					
Capital Reserve Account				\$ 5,334,583	
Maintenance Reserve Account				623,991	
Excess Surplus				281,725	
Excess Surplus - For Subsequent Year's Expenditures				258,397	
Assigned to:					
Year-end Encumbrances				374,802	
Unassigned				<u>2,059,526</u>	
				8,933,024	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(252,850)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,680,174</u>	

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 14,183	\$ 14,183	\$ 14,150	\$ (33)
State Sources		122,374	122,374	95,331	(27,043)
Federal Sources	\$ 666,197	119,457	785,654	783,997	(1,657)
Total Revenue	666,197	256,014	922,211	893,478	(28,733)
Expenditures:					
Instruction:					
Salaries of Teachers	79,006	4,179	83,185	78,195	4,990
Purchased Professional and Technical Services		720	720	720	
Tuition	570,000	41,180	611,180	611,180	
General Supplies		19,815	19,815	17,916	1,899
Textbooks		634	634	634	
Total Instruction	649,006	66,528	715,534	708,645	6,889
Support Services:					
Salaries of Other Professional Staff		15,799	15,799	15,799	
Purchased Professional/Educational Services	10,000	135,585	145,585	125,401	20,184
Personal Services - Employee Benefits	7,191	585	7,776	6,800	976
Other Purchased Services		509	509	509	
Supplies and Materials		37,008	37,008	36,324	684
Total Support Services	17,191	189,486	206,677	184,833	21,844
Total Expenditures	666,197	256,014	922,211	893,478	28,733
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 49,801,966	\$ 893,478
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(6,492)
Prior Year State Aid Payments recognized for GAAP statements	226,058	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(252,850)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 49,775,174</u>	<u>\$ 886,986</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 47,083,288	\$ 893,478
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(6,492)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 47,083,288</u>	<u>\$ 886,986</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	No Child Left Behind					
	Title I	Title I Carryover	Title IIA	Title IIA Carryover	Title III	Title III Carryover
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 68,185	\$ 25,433	\$ 51,193	\$ 659	\$ 6,351	\$ 7,169
<b>Total Revenue</b>	<b>68,185</b>	<b>25,433</b>	<b>51,193</b>	<b>659</b>	<b>6,351</b>	<b>7,169</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	41,019	21,711			418	4,840
Purchased Professional/Technical Services					720	
Tuition						
General Supplies	9,214	1,168			2,734	1,014
Textbooks						
<b>Total Instruction</b>	<b>50,233</b>	<b>22,879</b>			<b>3,872</b>	<b>5,854</b>
<b>Support Services:</b>						
Salaries of Other Professional Staff	13,557	829			1,123	290
Purchased Professional/Educational Services			51,193	659		
Personal Services - Employee Benefits	4,174	1,725			510	
Other Purchased Services					509	
Supplies and Materials	221				337	1,025
<b>Total Support Services</b>	<b>17,952</b>	<b>2,554</b>	<b>51,193</b>	<b>659</b>	<b>2,479</b>	<b>1,315</b>
<b>Total Expenditures</b>	<b>\$ 68,185</b>	<b>\$ 25,433</b>	<b>\$ 51,193</b>	<b>\$ 659</b>	<b>\$ 6,351</b>	<b>\$ 7,169</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>IDEA, Part B</u>			<u>Principal Effectiveness Evaluation System</u>	<u>Teacher Effectiveness Evaluation System</u>
	<u>Basic</u>	<u>Preschool</u>	<u>Race to the Top</u>		
<b>REVENUE:</b>					
Local Sources					
State Sources				\$ 9,264	\$ 84,319
Federal Sources	\$ 586,857	\$ 31,974	\$ 6,176		
Total Revenue	<u>586,857</u>	<u>31,974</u>	<u>6,176</u>	<u>9,264</u>	<u>84,319</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					
Tuition	579,206	31,974			
General Supplies					
Textbooks					
Total Instruction	<u>579,206</u>	<u>31,974</u>			
Support Services:					
Salaries of Other Professional Staff					
Purchased Professional/Educational Services	7,651		2,186	9,264	53,568
Personal Services - Employee Benefits					
Other Purchased Services					
Supplies and Materials			3,990		30,751
Total Support Services	<u>7,651</u>		<u>6,176</u>	<u>9,264</u>	<u>84,319</u>
Total Expenditures	<u>\$ 586,857</u>	<u>\$ 31,974</u>	<u>\$ 6,176</u>	<u>\$ 9,264</u>	<u>\$ 84,319</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Nonpublic Technology Aid	Nonpublic Textbook Aid	Nonpublic Nursing Aid	MAC - After School Program	Totals June 30, 2013
<b>REVENUE:</b>					
Local Sources				\$ 14,150	\$ 14,150
State Sources	\$ 234	\$ 634	\$ 880		95,331
Federal Sources					783,997
<b>Total Revenue</b>	<b>234</b>	<b>634</b>	<b>880</b>	<b>14,150</b>	<b>893,478</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers				10,207	78,195
Purchased Professional/Technical Services					720
Tuition					611,180
General Supplies	234			3,552	17,916
Textbooks		634			634
<b>Total Instruction</b>	<b>234</b>	<b>634</b>		<b>13,759</b>	<b>708,645</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff					15,799
Purchased Professional/Educational Services			880		125,401
Personal Services - Employee Benefits				391	6,800
Other Purchased Services					509
Supplies and Materials					36,324
<b>Total Support Services</b>			<b>880</b>	<b>391</b>	<b>184,833</b>
<b>Total Expenditures</b>	<b>\$ 234</b>	<b>\$ 634</b>	<b>\$ 880</b>	<b>\$ 14,150</b>	<b>\$ 893,478</b>

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

## Exhibit G-1

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	Food Service Program	Summer Enrichment Program	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 162,456	\$ 38,149	\$ 200,605
Accounts Receivable:			
State	964		964
Federal	13,070		13,070
Prepaid Expenses		112	112
Inventories	13,883		13,883
Total Current Assets	190,373	38,261	228,634
Capital Assets:			
Equipment	397,115		397,115
Accumulated Depreciation	(229,250)		(229,250)
Total Capital Assets	167,865		167,865
Total Assets	358,238	38,261	396,499
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors	21,790		21,790
Prepaid Sales	9,506		9,506
Unearned Revenue	6,836	35,720	42,556
Total Current Liabilities	38,132	35,720	73,852
<b>NET POSITION:</b>			
Net Investment in Capital Assets	167,865		167,865
Unrestricted	152,241	2,541	154,782
Total Net Position	\$ 320,106	\$ 2,541	\$ 322,647

Exhibit G-2

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Program	Summer Enrichment Program	Totals
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 280,656		\$ 280,656
Daily Sales - Non-Reimbursable Programs	226,045		226,045
Special Functions	13,454		13,454
Program Fees	814	\$ 27,755	28,569
Total Operating Revenue	520,969	27,755	548,724
Operating Expenses:			
Cost of Sales	306,924		306,924
Salaries	229,688	21,994	251,682
Supplies and Materials	24,811	2,077	26,888
Employee Benefits	67,077		67,077
Purchased Professional Services	66,441		66,441
Transportation		1,750	1,750
Depreciation	30,946		30,946
Total Operating Expenses	725,887	25,821	751,708
Operating Income/(Loss)	(204,918)	1,934	(202,984)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	7,295		7,295
Federal Sources:			
National School Lunch Program	150,460		150,460
National School Breakfast Program	7,446		7,446
Special Milk Program	2,445		2,445
Food Distribution Program	43,918		43,918
Local Sources:			
Interest Income	34	2	36
Total Non-Operating Revenue	211,598	2	211,600
Change in Net Position	6,680	1,936	8,616
Net Position - Beginning of Year	313,426	605	314,031
Net Position - End of Year	\$ 320,106	\$ 2,541	\$ 322,647

Exhibit G-3

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Program	Summer Enrichment Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 530,605	\$ 30,975	\$ 561,580
Payments to Employees	(296,765)	(21,994)	(318,759)
Payments to Suppliers	(369,682)	(3,827)	(373,509)
Net Cash Provided by/(Used for) Operating Activities	<u>(135,842)</u>	<u>5,154</u>	<u>(130,688)</u>
Cash Flows from Investing Activities:			
Interest Income	34	2	36
Net Cash Provided by Investing Activities	<u>34</u>	<u>2</u>	<u>36</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(29,954)		(29,954)
Net Cash (Used for) Capital and Related Financing Activities	<u>(29,954)</u>		<u>(29,954)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	163,591		163,591
Net Cash Provided by Noncapital Financing Activities	<u>163,591</u>		<u>163,591</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,171)	5,156	2,985
Cash and Cash Equivalents, July 1	164,627	32,993	197,620
Cash and Cash Equivalents, June 30	<u>\$ 162,456</u>	<u>\$ 38,149</u>	<u>\$ 200,605</u>
Reconciliation of Operating Income/( Loss) to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	\$ (204,918)	\$ 1,934	\$ (202,984)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation	30,946		30,946
Federal Food Distribution Program	43,918		43,918
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Other	130		130
Decrease in Prepaid Expenses		(40)	(40)
(Increase)/Decrease in Inventory	(2,138)		(2,138)
Increase/(Decrease) in Unearned Revenue	(157)	3,260	3,103
Increase/(Decrease) in Prepaid Sales	9,506		9,506
Increase/(Decrease) in Accounts Payable	(13,129)		(13,129)
Net Cash Used for Operating Activities	<u>\$ (135,842)</u>	<u>\$ 5,154</u>	<u>\$ (130,688)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$43,761 and \$43,918, respectively.

FIDUCIARY FUNDS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<b><u>ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 141,767	\$ 229,550	\$ 371,317	\$ 315,351	\$ 5,846
Total Assets	<u>141,767</u>	<u>229,550</u>	<u>371,317</u>	<u>315,351</u>	<u>5,846</u>
<b><u>LIABILITIES:</u></b>					
Payroll Deductions and Withholdings		\$ 188,729	\$ 188,729		
Accrued Salaries and Wages		40,821	40,821		
Due to Family Outreach	\$ 752		752		
Due to Student Groups	141,015		141,015		
Total Liabilities	<u>141,767</u>	<u>229,550</u>	<u>371,317</u>		
<b><u>NET POSITION:</u></b>					
Held in Trust for Unemployment Claims				\$ 315,351	
Held in Trust for Flex Spending Claims					\$ 5,846
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 315,351</u>	<u>\$ 5,846</u>

Exhibit H-2

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 79,644	\$ 31,733
Employer	200,000	
Interest Earnings	16	2
	<u>279,660</u>	<u>31,735</u>
Total Additions		
<b>DEDUCTIONS:</b>		
Unemployment Benefit Claims	74,373	
Flex Spending Claims		31,710
	<u>74,373</u>	<u>31,710</u>
Total Deductions		
Change in Net Position	205,287	25
Net Position - Beginning of the Year	<u>110,064</u>	<u>5,821</u>
Net Position - End of the Year	<u>\$ 315,351</u>	<u>\$ 5,846</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 122,089	\$ 291,501	\$ 271,823	\$ 141,767
<b>Total Assets</b>	\$ 122,089	\$ 291,501	\$ 271,823	\$ 141,767
 <b>LIABILITIES:</b>				
Due to Family Outreach	\$ 1,052		\$ 300	\$ 752
Due to Student Groups	121,037	\$ 291,501	271,523	141,015
<b>Total Liabilities</b>	\$ 122,089	\$ 291,501	\$ 271,823	\$ 141,767

Exhibit H-4

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary and Middle Schools:				
Birchwood	\$ 4,624	\$ 4,296	\$ 4,855	\$ 4,065
Copeland Middle	82,711	244,630	229,795	97,546
C.A. Dwyer	11,704	20,464	16,403	15,765
K.D. Malone	2,609	7,983	5,397	5,195
Dennis B. O'Brien	8,712	7,428	8,917	7,223
Stony Brook	10,677	6,700	6,156	11,221
Subtotal All Schools	<u>121,037</u>	<u>291,501</u>	<u>271,523</u>	<u>141,015</u>
Family Outreach Program	<u>1,052</u>		<u>300</u>	<u>752</u>
Total Student Activities	<u>\$ 122,089</u>	<u>\$ 291,501</u>	<u>\$ 271,823</u>	<u>\$ 141,767</u>

Exhibit H-5

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 674	\$ 31,351,539	\$ 31,122,664	\$ 229,550
Total Assets	<u>\$ 674</u>	<u>\$ 31,351,539</u>	<u>\$ 31,122,664</u>	<u>\$ 229,550</u>
 <b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 360	\$ 31,310,718	\$ 31,122,350	\$ 188,729
Accrued Salaries and Wages	314	40,821	314	40,821
Total Liabilities	<u>\$ 674</u>	<u>\$ 31,351,539</u>	<u>\$ 31,122,664</u>	<u>\$ 229,550</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2012	Retired or Matured	Balance June 30, 2013
			Outstanding June 30, 2013					
			Date	Amount				
Refunding School Bonds	05/01/05	\$ 8,165,000	09/01/13	\$ 370,000	4.000%	\$ 6,110,000	\$ 370,000	\$ 5,740,000
			09/01/14	365,000	4.000%			
			09/01/15	365,000	4.000%			
			09/01/16	360,000	4.000%			
			09/01/17	375,000	4.000%			
			09/01/18	390,000	4.000%			
			09/01/19	405,000	4.000%			
			09/01/20	570,000	4.050%			
			09/01/21	595,000	4.125%			
			09/01/22	620,000	4.200%			
			09/01/23	650,000	4.250%			
			09/01/24	675,000	4.250%			
						\$ 6,110,000	\$ 370,000	\$ 5,740,000

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Interest Rate	Original Issue	Balance June 30, 2012	Issued	Retired or Matured	Balance June 30, 2013
2008 Purchase of Two 4-16 Passenger Buses	3.400%	\$ 203,088	\$ 42,684		\$ 42,684	
2009 Purchase of Two 54-Passenger Buses	3.300%	224,892	46,414		46,414	
2009 Purchase of One 22-Passenger Bus	4.500%	82,276	17,229		17,229	
2011 Passenger Van and Passenger Van with Lift	2.750%	111,617	67,089		21,759	\$ 45,330
2011 Jersey Shore Starcraft Bus	2.750%	57,078	34,268		11,114	23,154
2011 Ford F450 Pickup Truck	2.750%	55,998	45,141		10,830	34,311
Solar Panels	2.750%	2,833,665	2,265,356		543,333	1,722,023
2012 Purchase of 3 Passenger Buses	2.750%	373,127	278,971		66,929	212,042
Sierra Pickup Truck	2.750%	32,328	25,828		6,284	19,544
2013 Bus Leases	2.750%	379,416		\$ 379,416	80,055	299,361
			<u>\$ 2,822,980</u>	<u>\$ 379,416</u>	<u>\$ 846,631</u>	<u>\$ 2,355,765</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 462,334		\$ 462,334	\$ 462,334	
State Sources:					
Debt Service State Aid Support	150,248		150,248	150,248	
Total Revenue	<u>612,582</u>		<u>612,582</u>	<u>612,582</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	242,582		242,582	242,581	\$ 1
Redemption of Principal	370,000		370,000	370,000	
Total Regular Debt Service	<u>612,582</u>		<u>612,582</u>	<u>612,581</u>	<u>1</u>
Total Expenditures	<u>612,582</u>		<u>612,582</u>	<u>612,581</u>	<u>1</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures				1	1
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
				<u>\$ 2</u>	
				<u>2</u>	

Restricted Fund Balance

\$ 2

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>									
Net Investment in Capital Assets	\$ 8,123,531	\$ 9,529,327	\$ 9,860,277	\$ 10,669,833	\$ 11,476,650	\$ 11,884,590	\$ 11,737,679	\$ 12,834,344	\$ 13,981,031
Restricted	1,920,402	2,977,684	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698
Unrestricted (Deficit)	226,073	234,507	1,023,079	(942,080)	(216,947)	(1,223,333)	(210,358)	128,593	731,174
<b>Total Governmental Activities Net Position</b>	<b>\$ 10,270,006</b>	<b>\$ 12,741,518</b>	<b>\$ 14,826,068</b>	<b>\$ 14,999,336</b>	<b>\$ 14,208,579</b>	<b>\$ 12,613,490</b>	<b>\$ 13,367,932</b>	<b>\$ 16,961,928</b>	<b>\$ 21,210,903</b>
<b>Business-Type Activities:</b>									
Net Investment in Capital Assets	\$ 87,426	\$ 90,586	\$ 81,673	\$ 72,517	\$ 91,178	\$ 80,412	\$ 70,784	\$ 168,857	\$ 167,865
Unrestricted	35,371	75,206	96,189	96,892	59,881	121,401	188,357	145,174	154,782
<b>Total Business-Type Activities Net Position</b>	<b>\$ 122,797</b>	<b>\$ 165,792</b>	<b>\$ 177,862</b>	<b>\$ 169,409</b>	<b>\$ 151,059</b>	<b>\$ 201,813</b>	<b>\$ 259,141</b>	<b>\$ 314,031</b>	<b>\$ 322,647</b>
<b>District-Wide:</b>									
Net Investment in Capital Assets	\$ 8,210,957	\$ 9,619,913	\$ 9,941,950	\$ 10,742,350	\$ 11,567,828	\$ 11,965,002	\$ 11,808,463	\$ 13,003,201	\$ 14,148,896
Restricted	1,920,402	2,977,684	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698
Unrestricted (Deficit)	261,444	309,713	1,119,268	(845,188)	(157,066)	(1,101,932)	(22,001)	273,767	885,956
<b>Total District-Wide Net Position</b>	<b>\$ 10,392,803</b>	<b>\$ 12,907,310</b>	<b>\$ 15,003,930</b>	<b>\$ 15,168,745</b>	<b>\$ 14,359,638</b>	<b>\$ 12,815,303</b>	<b>\$ 13,627,073</b>	<b>\$ 17,275,959</b>	<b>\$ 21,533,550</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST NINE FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$ 16,133,911	\$ 16,061,453	\$ 17,142,175	\$ 18,731,729	\$ 17,449,642	\$ 18,069,950	\$ 15,882,834	\$ 15,667,972	\$ 15,480,699
Special Education	6,286,019	6,852,900	7,550,650	7,749,465	7,728,645	7,580,303	7,509,447	7,304,807	7,567,684
Other Special Education	295,492	312,589	553,589	648,178	911,348	974,195	1,529,569	796,421	1,026,511
Other Instruction	259,122	337,130	259,030	267,922	404,031	291,245	166,522	42,632	54,948
Support Services:									
Tuition	516,064	795,888	631,302	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261
Student & Instruction Related Services	7,045,645	6,716,935	7,018,981	7,131,569	6,946,562	6,862,779	6,776,667	6,825,097	8,422,006
General Administration Services	1,295,667	950,582	981,167	1,193,729	1,044,082	1,008,390	777,294	1,073,342	918,540
School Administration Services	1,835,747	1,893,483	1,963,080	2,072,348	2,526,116	2,712,353	2,621,277	2,463,890	2,585,976
Central Services	709,126	703,108	650,014	701,698	679,380	690,917	765,825	742,618	647,484
Administrative Information Technology	448,700	723,414	558,486	709,711	649,732	734,522	682,089	563,795	600,772
Plant Operations and Maintenance	3,897,396	4,141,198	4,447,310	4,835,624	4,813,407	4,794,236	4,674,207	4,369,599	4,254,749
Pupil Transportation	2,774,343	3,042,972	3,092,908	3,314,695	3,010,754	3,126,101	2,933,411	3,056,000	2,951,734
Capital Outlay		27,359	7,232	109,257	51,639	272,212	75,657	1,333	1,830
Special Schools	107,301	99,777	101,641	114,822	160,493	44,501			
Charter Schools	19,708	20,947	50,494	48,280	49,710	83,786	71,027	38,856	26,526
Interest On Long-Term Debt	462,449	328,270	212,193	323,182	310,670	297,501	284,346	271,222	256,702
Unallocated Depreciation	734,372	102,899	285,762	596,355	556,943	654,880	654,880	623,534	655,345
<b>Total Governmental Activities Expenses</b>	<b>42,821,062</b>	<b>43,110,904</b>	<b>45,506,014</b>	<b>49,140,914</b>	<b>48,055,632</b>	<b>49,682,788</b>	<b>46,550,035</b>	<b>45,134,108</b>	<b>47,025,767</b>
Business-Type Activities:									
Proprietary Funds	770,007	768,558	833,703	885,928	875,247	814,667	772,656	804,046	751,708
<b>Total Business-Type Activities Expenses</b>	<b>770,007</b>	<b>768,558</b>	<b>833,703</b>	<b>885,928</b>	<b>875,247</b>	<b>814,667</b>	<b>772,656</b>	<b>804,046</b>	<b>751,708</b>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total District-Wide Expenses	\$ 43,591,069	\$ 43,879,462	\$ 46,339,717	\$ 50,026,842	\$ 48,930,879	\$ 50,497,455	\$ 47,322,691	\$ 45,938,154	\$ 47,777,475
Program Revenues:									
Governmental Activities:									
Charges For Services:									
Tuition	208,463	242,326	217,969	163,952	202,225	86,567	56,630	13,719	20,323
Pupil Transportation	6,083	5,600	10,931	22,277	3,895	4,479	1,768	1,093	6,617
Operating Grants and Contributions	6,223,747	6,585,954	8,137,208	8,210,379	6,293,411	6,763,967	5,688,248	6,999,824	8,430,150
Total Governmental Activities Program Revenues	6,438,293	6,833,880	8,366,108	8,396,608	6,499,531	6,855,013	5,746,646	7,014,636	8,457,090
Business-Type Activities:									
Charges for Services	683,745	667,392	703,962	720,060	694,049	675,403	644,680	639,838	548,724
Operating Grants and Contributions	138,020	131,992	141,516	157,135	162,450	189,857	185,111	218,978	211,564
Total Business-Type Activities Program Revenue	821,765	799,384	845,478	877,195	856,499	865,260	829,791	858,816	760,288
Total District-Wide Program Revenues	7,260,058	7,633,264	9,211,586	9,273,803	7,356,030	7,720,273	6,576,437	7,873,452	9,217,378
Net Revenue/(Expense) - Governmental Activities	(36,382,769)	(36,277,024)	(37,139,906)	(40,744,306)	(41,556,101)	(42,827,775)	(40,803,389)	(38,119,472)	(38,568,677)
Net Revenue/(Expense) - Business-Type Activities	51,758	30,826	11,775	(8,733)	(18,748)	50,593	57,135	54,770	8,580
Total District-Wide Net Revenue/(Expense)	(36,331,011)	(36,246,198)	(37,128,131)	(40,753,039)	(41,574,849)	(42,777,182)	(40,746,254)	(38,064,702)	(38,560,097)
General Revenues and Other Changes in Net Position:									
Governmental Activities:									
Property Taxes Levied - General Purposes, Net	34,321,263	35,907,798	36,816,712	38,968,817	38,308,060	38,637,775	40,194,736	40,547,065	40,625,927
Taxes Levied for Debt Service	544,095	532,268	513,346	472,978	484,344	471,605	486,551	476,644	462,334

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST NINE FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues & Other Changes in Net Position									
Governmental Activities:									
Federal and State Aid not Restricted	\$ 1,352,132	\$ 1,238,937	\$ 1,362,137	\$ 1,079,956	\$ 1,712,585	\$ 1,978,560	\$ 710,376	\$ 548,568	\$ 1,023,189
Miscellaneous Income	157,438	301,585	532,261	395,823	260,355	144,746	166,168	141,191	299,499
Cancelation of Pror Year Accounts Payable									406,703
Transfers	(26,164)								
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>36,348,764</u>	<u>37,980,588</u>	<u>39,224,456</u>	<u>40,917,574</u>	<u>40,765,344</u>	<u>41,232,686</u>	<u>41,557,831</u>	<u>41,713,468</u>	<u>42,817,652</u>
Business-Type Activities:									
Investment Earnings	213	235	295	280	398	161	193	120	36
Transfers	41,779	11,934							
Total Business-Type Activities General Revenues and Other Changes in Net Position	<u>41,992</u>	<u>12,169</u>	<u>295</u>	<u>280</u>	<u>398</u>	<u>161</u>	<u>193</u>	<u>120</u>	<u>36</u>
Total District-Wide General Revenues and Other Changes in Net Position	<u>36,390,756</u>	<u>37,992,757</u>	<u>39,224,751</u>	<u>40,917,854</u>	<u>40,765,742</u>	<u>41,232,847</u>	<u>41,558,024</u>	<u>41,713,588</u>	<u>42,817,688</u>
Change in Net Position:									
Governmental Activities	(34,005)	1,703,564	2,084,550	173,268	(790,757)	(1,595,089)	754,442	3,593,996	4,248,975
Business-Type Activities	93,750	42,995	12,070	(8,453)	(18,350)	50,754	57,328	54,890	8,616
Total District-Wide Change in Net Position	<u>\$ 59,745</u>	<u>\$ 1,746,559</u>	<u>\$ 2,096,620</u>	<u>\$ 164,815</u>	<u>\$ (809,107)</u>	<u>\$ (1,544,335)</u>	<u>\$ 811,770</u>	<u>\$ 3,648,886</u>	<u>\$ 4,257,591</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:									
Reserved	\$ 1,741,880	\$ 2,977,684	\$ 3,942,712	\$ 5,271,583	\$ 2,948,876	\$ 1,367,449			
Unreserved	1,297,946	1,158,209	1,444,866	1,027,156	1,332,258	897,900			
Restricted							\$ 1,431,236	\$ 3,998,990	\$ 6,498,696
Assigned							409,374	625,271	374,802
Unassigned							1,036,691	984,611	1,806,676
<b>Total General Fund</b>	<b><u>\$ 3,039,826</u></b>	<b><u>\$ 4,135,893</u></b>	<b><u>\$ 5,387,578</u></b>	<b><u>\$ 6,298,739</u></b>	<b><u>\$ 4,281,134</u></b>	<b><u>\$ 2,265,349</u></b>	<b><u>\$ 2,877,301</u></b>	<b><u>\$ 5,608,872</u></b>	<b><u>\$ 8,680,174</u></b>
All Other Governmental Funds:									
Unreserved, Reported In:									
Debt Service Fund	\$ - 0 -	\$ 20,456	\$ 20,456	\$ 1	\$ 1	\$ 1			
Restricted							\$ 1	\$ 1	\$ 2
<b>Total All Other Governmental Funds</b>	<b><u>\$ - 0 -</u></b>	<b><u>\$ 20,456</u></b>	<b><u>\$ 20,456</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 2</u></b>				
<b>Total All Governmental Funds</b>	<b><u>\$ 3,039,826</u></b>	<b><u>\$ 4,156,349</u></b>	<b><u>\$ 5,408,034</u></b>	<b><u>\$ 6,298,740</u></b>	<b><u>\$ 4,281,135</u></b>	<b><u>\$ 2,265,350</u></b>	<b><u>\$ 2,877,302</u></b>	<b><u>\$ 5,608,873</u></b>	<b><u>\$ 8,680,176</u></b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>									
Tax Levy	\$34,865,358	\$36,440,066	\$37,330,058	\$39,441,795	\$38,792,404	\$39,109,380	\$40,681,287	\$41,023,709	\$41,088,261
Tuition			217,969	163,952	202,225	86,567	56,630		20,323
Transportation Fees - Other LEAs	6,083	5,600	10,931	22,277	3,895	4,479	1,768	1,093	6,617
Interest Earned - Capital Reserve	2,587	12,371	32,776	28,235	28,337	4,238	2,349	3,824	6,910
Miscellaneous	363,314	531,540	504,495	371,588	232,018	140,508	163,819	151,086	306,739
State Sources	6,244,234	6,652,086	8,051,958	8,172,495	7,161,176	6,822,610	5,219,073	6,365,013	7,788,743
Federal Sources	1,331,645	1,172,805	1,442,387	1,113,840	844,820	1,919,917	1,179,551	1,183,379	1,650,446
<b>Total Revenue</b>	<b>42,813,221</b>	<b>44,814,468</b>	<b>47,590,574</b>	<b>49,314,182</b>	<b>47,264,875</b>	<b>48,087,699</b>	<b>47,304,477</b>	<b>48,728,104</b>	<b>50,868,039</b>
<b>Expenditures:</b>									
<b>Instruction:</b>									
Regular Instruction	12,269,661	11,891,804	12,435,884	12,418,298	12,961,118	12,701,365	10,856,349	10,607,857	10,813,582
Special Education Instruction	4,778,597	4,961,332	5,230,467	5,305,687	5,794,144	5,260,078	4,957,083	4,832,609	5,036,368
Other Instruction	259,122	312,589	521,105	613,206	296,778	660,603	1,108,267	499,235	676,621
Other Special Instruction	300,469	299,635	259,030	267,922	630,204	215,817	32,172	29,208	37,211
<b>Support Services:</b>									
Tuition	516,064	795,888	631,302	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261
Student/Instruction-Related Services	5,089,600	5,002,286	4,906,232	5,033,204	5,465,364	5,446,417	5,056,039	5,234,638	5,674,523
General Administration Services	1,214,961	849,744	788,934	879,325	928,443	831,929	926,991	901,539	777,304
School Administration Services	1,582,792	1,617,843	1,688,750	1,799,503	1,907,596	2,045,203	1,796,086	1,731,068	1,827,098
Central Services	561,082	577,912	514,271	497,597	522,642	515,889	553,876	559,664	473,185

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenditures:</b>									
Admin. Information Technology	\$ 413,074	\$ 664,802	\$ 496,158	\$ 648,005	\$ 567,333	\$ 641,054	\$ 566,549	\$ 487,830	\$ 518,436
Plant Operations/Maintenance	3,404,189	3,547,704	3,688,311	4,112,790	4,256,124	4,195,682	3,979,077	3,793,897	3,652,809
Pupil Transportation	2,284,273	2,372,091	2,461,383	2,653,038	2,748,111	2,775,026	2,647,174	2,756,846	2,499,334
Allocated Benefits		6,753,020	7,373,808	7,285,497					
Unallocated Benefits	8,936,694	2,863,387	4,313,005	4,364,216	10,648,181	11,622,564	12,287,118	11,658,391	13,029,120
<b>Debt Service:</b>									
Principal	350,000	465,000	390,000	385,000	385,000	380,000	375,000	375,000	370,000
Interest and Other Charges	414,773	262,692	323,519	308,300	295,788	282,881	269,669	256,543	242,581
Capital Outlay	507,691	689,412	741,085	1,648,701	1,445,700	1,196,330	3,123,423	1,345,817	1,353,896
Special Schools	107,301	99,777	101,641	114,822	128,022	34,986			
Charter Schools	19,708	20,947	50,494	48,280	49,710	83,786	71,027	38,856	26,526
<b>Total Expenditures</b>	<b>43,010,051</b>	<b>44,047,865</b>	<b>46,915,379</b>	<b>48,975,741</b>	<b>49,792,736</b>	<b>50,374,527</b>	<b>49,750,883</b>	<b>46,401,988</b>	<b>48,582,855</b>
<b>Excess/(Deficiency) of Revenues</b>									
Over/(Under) Expenditures	(196,830)	766,603	675,195	338,441	(2,527,861)	(2,286,828)	(2,446,406)	2,326,116	2,285,184
<b>Other Financing Sources/(Uses):</b>									
Transfer to Food Service Fund	(26,164)								
Prior Year Accts. Payable Canceled									406,703
Capital Leases (Non-Budgeted)	184,923	349,920	576,500	552,265	510,256	271,043	3,058,358	405,455	379,416
Payment to Escrow Agent	(7,803,000)								
Serial Bonds Debt Issued	7,803,000								
<b>Total Other Financing Sources/(Uses)</b>	<b>158,759</b>	<b>349,920</b>	<b>576,500</b>	<b>552,265</b>	<b>510,256</b>	<b>271,043</b>	<b>3,058,358</b>	<b>405,455</b>	<b>786,119</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excess (Deficit) of Revenue & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	<u>\$ 158,759</u>	<u>\$ 1,116,523</u>	<u>\$ 1,251,695</u>	<u>\$ 890,706</u>	<u>\$ (2,017,605)</u>	<u>\$ (2,015,785)</u>	<u>\$ 611,952</u>	<u>\$ 2,731,571</u>	<u>\$ 3,071,303</u>
Debt Service As a % of Noncapital Expenditures	1.80%	1.68%	1.55%	1.46%	1.41%	1.35%	1.38%	1.40%	1.30%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

Exhibit J-5

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Transportation Fees	Other	Total
2004	\$ 71,767	\$ 291,557	\$ 5,321	\$ 4,761	\$ 18,877	\$ 392,283
2005	116,127	208,463	7,175	6,083	34,136	371,984
2006	261,661	242,326	6,361	5,600	33,563	549,511
2007	412,908	217,969		10,931	119,353	761,161
2008	299,691	163,952	514	22,277	95,618	582,052
2009	133,858	202,225		3,895	126,497	466,475
2010	40,487	86,567	3,325	4,479	100,934	235,792
2011	15,012	56,630		1,768	151,156	224,566
2012	12,853	13,719	10,076	1,093	118,262	156,003
2013	15,755	20,323	11,219	6,617	272,525	326,439

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST NINE YEARS  
UNAUDITED

Year End Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized) Valuation
2004	\$ 106,764,900	\$ 2,114,897,850	\$ 2,919,900	\$ 231,200	\$ 472,080,600	\$ 194,954,000	\$ 32,887,700	\$ 2,924,736,150	\$ 3,637,463	\$ 2,928,373,613	\$ 924,356,700	\$ 1.17	\$ 3,138,978,041
2005	90,804,800	2,130,423,600	3,613,000	233,700	467,819,900	193,367,600	32,887,700	2,919,150,300	3,203,134	2,922,353,434	925,111,500	1.22	3,471,351,415
2006	66,597,800	2,153,129,000	3,613,000	153,700	492,312,500	170,170,500	35,514,500	2,921,491,000	3,518,948	2,923,961,301	933,659,300	1.27	4,176,109,351
2007	65,014,700	2,169,466,200	3,370,700	152,300	450,806,800	172,386,400	38,686,200	2,899,883,300	2,964,341	2,902,847,641	936,722,300	1.31	4,429,660,672
2008	73,980,100	2,175,843,900	3,526,800	157,600	440,184,300	166,746,900	40,661,200	2,901,100,800	3,170,052	2,904,270,852	937,428,400	1.35	4,591,732,572
2009	57,991,000	2,191,514,300	4,195,500	159,400	440,278,600	157,233,000	40,661,200	2,892,033,000	3,511,905	2,895,544,905	944,482,600	1.35	4,589,387,613
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	945,762,000	1.38	4,773,710,605
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	945,641,300	1.44	4,229,138,313
2012 *	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700		3,601,736,700	405,150,100	1.14	4,201,426,235

\* Revaluation year.

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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township Tax Assessor.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Rockaway Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	Township of Rockaway	Morris County	
2003	\$ 1.10	\$ 0.02	\$ 1.12	\$ 0.54	\$ 0.56	\$ 0.28	\$ 2.50
2004	1.15	0.02	1.17	0.60	0.65	0.25	2.67
2005	1.20	0.02	1.22	0.67	0.70	0.26	2.84
2006	1.25	0.02	1.27	0.71	0.68	0.36	3.02
2007	1.29	0.02	1.31	0.76	0.72	0.36	3.15
2008	1.33	0.02	1.35	0.79	0.78	0.36	3.28
2009	1.33	0.02	1.35	0.81	0.82	0.35	3.33
2010	1.37	0.02	1.38	0.86	0.86	0.38	3.48
2011	1.43	0.02	1.44	0.89	0.90	0.35	3.59
2012	* 1.13	0.01	1.14	0.69	0.76	0.28	2.87

\* Revaluation year.

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

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

<sup>b</sup> Rates for debt service are based on each year's requirements.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2013			2004		
Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Rockaway Center Associates/ Corporate Property Investors, Inc.	\$ 199,045,400	6.90%	Rockaway Center Associates/ Corporate Property Investors, Inc.	\$ 209,442,000	7.25%
Mt. Hope Rock Products & Hydro	53,403,200	1.85%	Mt. Hope Rock Products & Hydro	36,798,200	1.27%
Marvin F. Poer and Company	30,121,400	1.04%	Bergen Record	35,299,600	1.22%
MarketPlace at Rockaway, LLC	30,073,500	1.04%	Macy's East, Inc./Federated Department Stores	32,940,000	1.14%
Dover VF C/O Vornado Realty Trust	27,552,700	0.95%	Cin Rockaway, LLC	32,885,000	1.13%
Rustic Ridge, Inc.	26,099,800	0.90%	Sears Roebuck Company	25,581,600	0.88%
Macy's East, Inc./Federated Department Stores	25,346,900	0.88%	Dover VF C/O Vornado Realty Trust	25,536,100	0.88%
Bergen Record	24,991,500	0.87%	Retail Property Trust	25,314,400	0.87%
Target Corporation	19,445,300	0.67%	Agilent Technologies	25,264,000	0.87%
Highlands at Morris	19,228,200	0.67%	JC Penney Company	24,623,600	0.85%
<b>Total</b>	<b>\$ 455,307,900</b>	<b>15.78%</b>	<b>Total</b>	<b>\$ 473,684,500</b>	<b>16.36%</b>

Source: Rockaway Township Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 34,127,834	\$ 34,127,834	100.00%	- 0 -
2005	34,865,358	34,865,358	100.00%	- 0 -
2006	36,440,066	36,440,066	100.00%	- 0 -
2007	37,330,058	37,330,058	100.00%	- 0 -
2008	39,441,795	39,441,795	100.00%	- 0 -
2009	38,792,404	38,792,404	100.00%	- 0 -
2010	39,109,380	39,109,380	100.00%	- 0 -
2011	40,681,287	40,681,287	100.00%	- 0 -
2012	41,023,709	41,023,709	100.00%	- 0 -
2013	41,088,261	41,088,261	100.00%	- 0 -

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

Source: Rockaway Township School District records including the Certificate & Report of School Taxes (A4F form).

Exhibit J-10

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST NINE FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2005	\$ 8,865,000	\$ 295,484	\$ - 0 -	\$ 9,160,484	0.58%	\$ 364
2006	8,400,000	434,191	- 0 -	8,834,191	0.51%	349
2007	8,010,000	712,218	- 0 -	8,722,218	0.48%	123
2008	7,625,000	955,133	- 0 -	8,580,133	0.46%	339
2009	7,240,000	1,074,765	- 0 -	8,314,765	0.33%	327
2010	6,860,000	945,604	- 0 -	7,805,604	0.46%	323
2011	6,485,000	3,479,570	- 0 -	9,964,570	0.57%	410
2012	6,110,000	2,822,980	- 0 -	8,932,980	0.51%	366
2013	5,740,000	2,355,765	- 0 -	8,095,765	0.46%	332

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

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the previous calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Rockaway Township School District records.

## Exhibit J-11

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST NINE FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 8,865,000	\$ - 0 -	\$ 8,865,000	0.30%	\$ 353
2006	8,400,000	- 0 -	8,400,000	0.29%	332
2007	8,010,000	- 0 -	8,010,000	0.28%	113
2008	7,625,000	- 0 -	7,625,000	0.26%	301
2009	7,240,000	- 0 -	7,240,000	0.25%	285
2010	6,860,000	- 0 -	6,860,000	0.24%	284
2011	6,485,000	- 0 -	6,485,000	0.22%	267
2012	6,110,000	- 0 -	6,110,000	0.22%	251
2013	5,740,000	- 0 -	5,740,000	0.16%	235

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

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population estimate for the previous calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

Exhibit J-12

#NAME?  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Township of Rockaway	\$ 26,675,214	100.00%	\$ 26,675,214
Morris County General Obligation Debt	258,802,126	4.42%	11,446,081
Morris Hills Regional District Debt	31,110,000	45.42%	14,129,851
Subtotal, Overlapping Debt			52,251,146
Rockaway School District Direct Debt			<u>8,095,765</u>
Total Direct And Overlapping Debt			<u>\$ 60,346,911</u>

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$83,273,522	\$ 93,102,496	\$107,191,339	\$120,676,464	\$130,726,040	\$135,009,909	\$138,280,731	\$136,545,257	\$132,469,970	\$ 123,977,655
Total Net Debt Applicable to Debt Limit	8,853,000	8,865,000	8,400,000	8,010,000	7,625,000	7,240,000	6,860,000	6,485,000	6,110,000	5,740,000
Legal Debt Margin	\$74,420,522	\$ 83,942,012	\$ 98,357,148	\$111,954,246	\$122,145,907	\$126,695,144	\$130,475,127	\$130,060,257	\$126,359,970	\$ 118,237,655
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	10.63%	9.52%	7.84%	6.64%	5.83%	5.36%	4.96%	4.75%	4.61%	4.63%

#NAME?	
Equalized Valuation Basis	Rockaway Township
2012	\$ 3,923,887,896
2011	4,179,191,955
2010	4,294,685,693
	<u>\$12,397,765,544</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,132,588,515</u>
Debt Limit (3%* of Average Equalization Value)	\$ 123,977,655
#NAME?	<u>5,740,000</u>
Legal Debt Margin	<u>\$ 118,237,655</u>

\* Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

Exhibit J-14

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

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2004	24,924	\$ 60,780	\$ 1,514,880,720	3.30%
2005	25,142	62,930	1,582,186,060	2.30%
2006	25,320	67,918	1,719,683,760	2.50%
2007	25,267	71,191	1,798,782,997	2.30%
2008	25,312	74,025	1,873,720,800	2.90%
2009	25,438	97,614	2,483,104,932	7.10%
2010	24,176	69,811	1,687,750,736	7.10%
2011	24,290	71,730	1,742,321,700	7.00%
2012	24,378	71,730	** 1,748,633,940	7.20%
2013	24,378	* 71,730	** 1,748,633,940	7.40%

\*\* - Latest Morris County per capita personal income data available (2011) was used for calculation purposes.

\* - Latest population data available (2012) was used for calculation purposes.

Sources:

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2013		Employer	2004	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis	6,200	2.29%	Information is Not Available		
Picatinny Arsenal	5,274	1.95%			
Atlantic Healthcare System	5,013	1.85%			
UPS	2,332	0.86%			
County of Morris	1,928	0.71%			
ADP	1,924	0.71%			
Saint Clare's Hospital	1,841	0.68%			
AT&T	1,550	0.57%			
Chilton Memorial Hospital	1,440	0.53%			
BASF Corporation	1,400	0.52%			
<b>Total</b>	<b>28,902</b>	<b>10.69%</b>			
<b>Total Employment *</b>	<b>270,282</b>				

\* - Employment data provided by the NJ Department of Labor and Workforce Development.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST NINE 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>	<u>2013</u>
<b>Instruction:</b>									
Regular	174.0	174.0	176.0	185.0	190.0	184.0	182.0	181.5	181.0
Special Education	66.0	69.0	68.0	69.0	76.0	79.0	80.0	79.5	80.0
Other Special Education	16.0	16.0	18.0	19.0	25.0	25.0	26.0	8.5	8.0
<b>Support Services:</b>									
<b>Student &amp; Instruction Related</b>									
Services	75.0	75.0	73.5	76.0	100.0	100.0	117.0	80.0	80.0
School Administration Services	20.5	20.5	21.5	20.0	23.0	26.0	26.0	27.5	29.0
General & Business Administration	18.0	18.0	18.0	18.0	21.0	23.0	23.0	10.5	12.0
Plant Operations and Maintenance	39.0	39.0	39.0	45.0	43.0	52.0	52.0	32.5	33.0
Pupil Transportation	30.0	30.0	30.0	39.0	47.0	59.0	62.0	54.0	54.0
<b>Total</b>	<u>438.5</u>	<u>441.5</u>	<u>444.0</u>	<u>471.0</u>	<u>525.0</u>	<u>548.0</u>	<u>568.0</u>	<u>474.0</u>	<u>477.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST NINE FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percent Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2005	2,835	\$ 41,737,587	\$ 14,722	N/A	330	12: 1	12: 1	2,835	2,723	-1.80%	96.05%
2006	2,850	42,630,761	14,958	1.60%	336	12: 1	12: 1	2,850	2,735	0.53%	95.96%
2007	2,844	45,460,775	15,985	6.86%	308	12: 1	12: 1	2,844	2,731	-0.21%	96.03%
2008	2,764	46,633,740	16,872	5.55%	297	10: 1	12: 1	2,747	2,638	-3.41%	96.03%
2009	2,724	47,666,248	17,499	3.72%	304	12: 1	12: 1	2,715	2,607	-1.16%	96.02%
2010	2,630	48,515,316	18,447	5.42%	301	12: 1	12: 1	2,619	2,522	-3.54%	96.30%
2011	2,578	45,982,791	17,837	-3.31%	317	12: 1	12: 1	2,562	2,459	-2.17%	95.97%
2012	2,527	44,424,628	17,580	-1.44%	296	12: 1	12: 1	2,490	2,397	-2.82%	96.27%
2013	2,475	46,616,378	18,835	7.14%	283	12: 1	12: 1	2,438	2,343	-2.09%	96.10%

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

<sup>d</sup> Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

N/A Information is not available.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>									
<b>Birchwood</b>									
Square Feet	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914
Functional Capacity (Students)	232	232	232	232	232	232	232	232	232
Enrollment	371	375	370	360	362	353	327	307	295
<b>Copeland</b>									
Square Feet	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733
Functional Capacity (Students)	408	408	408	408	408	408	408	408	408
Enrollment	967	968	997	966	997	921	921	927	904
<b>C. A. Dwyer</b>									
Square Feet	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285
Functional Capacity (Students)	212	212	212	212	212	212	212	212	212
Enrollment	342	339	342	314	326	309	336	324	313
<b>Dennis B. O'Brien</b>									
Square Feet	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523
Functional Capacity (Students)	104	104	104	104	104	104	104	104	104
Enrollment	369	360	350	335	340	347	298	308	309
<b>K. D. Malone</b>									
Square Feet	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990
Functional Capacity (Students)	216	216	216	216	216	216	216	216	216
Enrollment	383	393	388	353	368	299	269	258	258

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS

<u>District Building</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>	<u>2013</u>
<b>Stony Brook</b>									
Square Feet	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396
Functional Capacity (Students)	249	249	249	249	249	249	249	249	249
Enrollment	403	415	428	436	438	408	404	366	363

Number of Schools at June 30, 2013:

Elementary = 5  
Middle School = 1  
High School = 0  
Other = 0

Note: Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District Facilities Office.

Exhibit J-19

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

## Undistributed Expenditures:

Required Maintenance for School Facilities\* (Account #11-000-261-XXX)

	<u>Birchwood</u>	<u>Copeland Middle</u>	<u>C.A. Dwyer</u>	<u>Dennis B. O'Brien</u>	<u>K.D. Malone</u>	<u>Stony Brook</u>	<u>Total All Facilities</u>
2004	\$ 60,670	\$ 193,041	\$ 93,763	\$ 66,185	\$ 71,701	\$ 66,185	\$ 551,545
2005	53,897	285,905	74,702	54,346	79,202	48,964	597,016
2006	58,676	311,253	81,325	59,164	82,851	53,305	646,574
2007	73,815	391,781	102,758	74,466	104,252	66,764	813,836
2008	100,103	436,096	184,213	99,278	151,587	111,942	1,083,219
2009	103,420	450,547	190,317	102,568	156,610	115,651	1,119,113
2010	98,841	281,309	115,228	165,399	150,583	149,096	960,456
2011	93,744	266,802	109,286	156,869	142,817	141,407	910,925
2012	112,964	321,503	131,692	189,032	172,099	170,399	1,097,689
2013	157,797	252,242	137,748	177,410	160,401	127,783	1,013,381

\* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2013  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:		
Property - Blanket Building and Contents	\$ 81,851,590	\$ 1,000
Blanket Extra Expense	1,000,000	
Commercial General Liability	5,000,000	
Commercial Automotive Liability	5,000,000	
Boiler and Machinery - School Alliance Insurance Fund	81,851,590	1,000
Umbrella Liability - School Alliance Insurance Fund	5,000,000	10,000
Educators Legal Liability - School Alliance Insurance Fund	10,000,000	15,000
Workers' Compensation - NJ School Boards' Association Insurance Group	2,000,000 Statutory	
Public Employees' Faithful Performance Blanket		
Position Bond - Selective Insurance		
Business Administrator/Board Secretary	300,000	
Treasurer	300,000	

Source: Rockaway Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Park  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2013.

**Internal Control Over Financial Reporting**

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

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

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

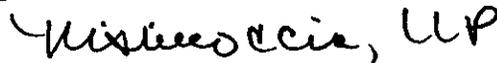
The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 2

### Compliance and Other Matters

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

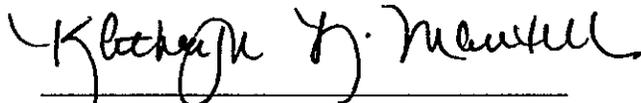
### Purpose of this Report

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



NISIVOCIA, LLP

September 30, 2013  
Mt. Arlington, New Jersey



Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Park  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Rockaway Township School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

*Nisivoccia, LLP*

September 30, 2013  
Mt. Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Cash Received	Budgetary Expenditures	Balance June 30, 2013		
					(Budgetary Accounts Receivable)	Budgetary Unearned Revenue			(Budgetary Accounts Receivable)	Budgetary Unearned Revenue	
U.S. Department of Education:											
General Fund:											
Impact Aid	84.041	N/A	7/1/12-6/30/13	\$ 872,941			\$ 872,941	\$ (872,941)			
Education Jobs Fund	84.410A	N/A	8/1/10-9/30/13	122,545	\$ (2,902)		2,902				
Total General Fund						(2,902)	875,843	(872,941)			
U.S. Department of Agriculture:											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Special Milk Program	10.556	N/A	7/1/12-6/30/13	2,445			2,264	(2,445)	(181)		
Special Milk Program	10.556	N/A	7/1/11-6/30/12	2,880	(158)		158				
Federal Food Distribution Program	10.555	N/A	7/1/12-6/30/13	43,761			43,761	(36,925)		\$ 6,836	
Federal Food Distribution Program	10.555	N/A	7/1/11-6/30/12	53,694		\$ 6,993		(6,993)			
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	150,460			138,226	(150,460)	(12,234)		
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	148,672	(8,802)		8,802				
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	7,446			6,791	(7,446)	(655)		
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	8,022	(557)		557				
Subtotal Child Nutrition Cluster						(9,517)	6,993	200,559	(204,269)	(13,070)	6,836
Total Enterprise Funds						(9,517)	6,993	200,559	(204,269)	(13,070)	6,836
U.S. Department of Education											
Passed-through State Department of Agriculture:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-4490-13	9/1/12-8/31/13	586,857			444,530	(586,857)	(142,327)		
I.D.E.A. Part B, Basic	84.027	IDEA-4490-12	9/1/11-8/31/12	579,223	\$ (6,169)		6,169				
I.D.E.A. Part B, Preschool	84.173	IDEA-4490-13	9/1/12-8/31/13	31,974			29,560	(31,974)	(2,414)		
Subtotal Special Education Cluster						(6,169)	480,259	(618,831)	(144,741)		

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Cash Received	Budgetary Expenditures	Balance June 30, 2013	
					(Budgetary Accounts Receivable)	Budgetary Unearned Revenue			(Budgetary Accounts Receivable)	Budgetary Unearned Revenue
U.S. Department of Education (Cont'd)										
Passed-through State Department of Education:										
NCLB Consolidated:										
Title I	84.010	NCLB-4490-13	9/1/12-8/31/13	\$ 79,055			\$ 54,147	\$ (68,185)	\$ (14,038)	
Title I - Carryover	84.010	NCLB-4490-12	9/1/11-8/31/12	89,719	\$ (5,562)		30,995	(25,433)		
Title I	84.010	NCLB-4490-11	9/1/10-8/31/11	81,941	(9,167)		9,167			
Title II - Part A	84.367A	NCLB-4490-13	9/1/12-8/31/13	51,852			36,841	(51,193)	(14,352)	
Title II - Part A - Carryover	84.367A	NCLB-4490-12	9/1/11-8/31/12	60,708	(1,647)		2,306	(659)		
Title II - Part A	84.367A	NCLB-4490-11	9/1/10-8/31/11	64,719	(9,748)		9,748			
Title II - Part A	84.367A	NCLB-4490-10	9/1/09-8/31/10	62,984	(543)		543			
Title III	84.365	NCLB-4490-13	9/1/12-8/31/13	15,023			4,582	(6,351)	(1,769)	
Title III - Carryover	84.365	NCLB-4490-12	9/1/11-8/31/12	15,758	(1,777)		8,946	(7,169)		
Title III	84.365	NCLB-4490-11	9/1/10-8/31/11	12,355	(1,557)		1,557			
Title III	84.365	NCLB-4490-10	9/1/09-8/31/10	10,817						
State Fiscal Stabilization Fund (SFSF)										
ARRA Race to the Top	84.395	N/A	9/1/11-11/30/15	6,176			6,176	(6,176)		
Total Special Revenue Fund						(36,170)		645,267	(783,997)	(174,900)
Total Federal Awards						\$ (48,589)	\$ 6,993	\$ 1,721,669	\$ (1,861,207)	\$ (187,970) \$ 6,836

N/A - Not applicable/available.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2013		MEMO	
				Budgetary					GAAP		Budgetary	Cumulative
				Accounts Receivable	Due to Grantor	Cash Received			Accounts Receivable	Due to Grantor	Accounts Receivable	Total Expenditures
New Jersey Department of Education												
General Fund:												
Special Education												
Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	\$1,530,639			\$1,385,351	\$(1,530,639)			\$ 145,288	\$1,530,639	
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	961,302			870,056	(961,302)			91,246	961,302	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	129,244			116,976	(129,244)			12,268	129,244	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	42,649			38,601	(42,649)			4,048	42,649	
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	644,997				(644,997)	\$ 644,997		644,997	644,997	
Nonpublic Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	16,966				(16,966)	16,966		16,966	16,966	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	1,394,397			1,325,273	(1,394,397)	69,124		69,124	1,394,397	
Special Education												
Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	1,452,953	\$ 142,007		142,007					1,452,953	
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	859,972	84,051		84,051					859,972	
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	496,976	496,976		496,976					496,976	
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	17,226	17,226		17,226					17,226	
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	1,377,520	68,581		68,581					1,377,520	
<b>Total General Fund State Aid</b>				<b>808,841</b>		<b>4,545,098</b>	<b>(4,720,194)</b>		<b>731,087</b>		<b>983,937</b>	<b>8,924,841</b>
Special Revenue Fund:												
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	244		\$ 244			\$ 244				
Nursing Aid	12-100-034-5120-070	7/1/11-6/30/12	5,935		5,935			5,935				
Textbook Aid	13-100-034-5120-064	9/1/12-8/31/13	917			917	(234)		\$ 683		234	
Technology Aid	13-100-034-5120-373	9/1/12-8/31/13	634			634	(634)				634	
Nursing Aid	13-100-034-5120-070	9/1/12-8/31/13	3,447			3,447	(880)		2,567		880	
Teacher Effectiveness Evaluation System	N/A	9/1/12-8/31/13	90,200			65,842	(84,319)		(18,477)		84,319	
Principal Effectiveness Evaluation System	N/A	9/1/12-8/31/13	21,000			6,264	(9,264)		(3,000)		9,264	
<b>Total Special Revenue Fund</b>					<b>6,179</b>	<b>77,104</b>	<b>(95,331)</b>	<b>6,179</b>	<b>(21,477)</b>	<b>3,250</b>	<b>95,331</b>	

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Paid to Grantor	Balance at June 30, 2013		MEMO		
				Budgetary	Due to	Cash		GAAP	Due to	Budgetary	Cumulative	
				Accounts Receivable	Grantor	Received		Accounts Receivable	Grantor	Accounts Receivable	Total Expenditures	
Debt Service Fund:												
Debt Service State Aid Support	13-100-034-5120-017	7/1/12-6/30/13	\$ 150,248			\$ 150,248	\$ (150,248)					\$ 150,248
Total Debt Service Fund						150,248	(150,248)					150,248
Enterprise Fund												
State School Lunch Program	12-100-010-3350-023	9/1/11-6/30/12	7,945	\$ (462)		462						7,945
State School Lunch Program	11-100-010-3350-023	9/1/12-6/30/13	7,295			6,331	(7,295)	\$ (964)				7,295
Total Enterprise Fund				(462)		6,793	(7,295)	(964)				15,240
Total State Awards				\$808,379	\$ 6,179	\$4,779,243	\$(4,973,068)	\$ 6,179	\$708,646	\$ 3,250	\$983,937	\$9,185,660

N/A - Not Available.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITUES OF FEDERAL AND STATE AWARDS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Rockaway Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting, with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$26,792) for the General Fund and (\$6,492) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Pension Payments and Post Retirement Medical contributions paid by the State on behalf of the District of \$1,337,447 and \$1,512,315, respectively.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 872,941	\$ 7,543,164	\$ 8,416,105
Special Revenue Fund	777,505	95,331	872,836
Debt Service Fund		150,248	150,248
Proprietary Funds - Food Service Enterprise Fund	204,269	7,295	211,564
Total Awards	<u>\$ 1,854,715</u>	<u>\$ 7,796,038</u>	<u>\$ 9,650,753</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following state aid:

	<u>CFDA/State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Special Education Cluster:				
	84.027	9/1/12-8/31/13	\$ 586,857	\$ 586,857
	84.173	9/1/12-8/31/13	31,974	31,974
State:				
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	1,530,639	1,530,639
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	961,302	961,302
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	42,649	42,649
Reimbursed TPAF Social Security Contributions	13-495-034-5120-002	7/1/12-6/30/13	1,394,397	1,394,397

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$300,000.
- The District was determined to be a "low-risk" auditee.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any finding or questioned costs for federal awards as defined in section 510(a) of the federal circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular and NJ OMB 04-04.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

There were no prior year findings.