

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Hibernia, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**of the**  
**Rockaway Township School District**  
**Hibernia, New Jersey**  
**For The Fiscal Year Ended June 30, 2016**

**Prepared by**  
**Business Office**

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## **INTRODUCTORY SECTION**

# ROCKAWAY TOWNSHIP PUBLIC SCHOOLS

DONNAMARIE PALMIERE  
Business Administrator/  
Board Secretary

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Hibernia, N.J. 07842  
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FAX 973-627-8552  
DPALMIERE@ROCKTWP.ORG

October 25, 2016

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Hibernia, 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, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 Auditor's Report, management's discussion and analysis, the 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. Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.



**1) REPORTING ENTITY AND ITS SERVICES:** The 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 2015-2016 fiscal year with an average daily enrollment of 2406 students, which is an increase of 43 students from the previous year's enrollment.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2015-2016	2406	1.82%
2014-2015	2363	-1.86%
2013-2014	2407	-1.27%
2012-2013	2438	-2.09%
2011-2012	2490	-2.82%
2010-2011	2562	-2.17%
2009-2010	2619	-3.54%

**2) ECONOMIC CONDITION AND OUTLOOK:**

Rockaway Township has experienced an increase in enrollment. A major factor contributing to this increase is from the Full Day Kindergarten initiative that began in the 2015-2016 year. Our population is expected to change in the next several years with the development of new housing construction projects.

**3) MAJOR INITIATIVES:**

During the 2015-2016 academic year, the District continued to implement state mandates such as Achieve NJ and PARCC (Partnership for Assessment of Readiness for College and Careers). The District purchased computers, laptops, Chrome books and wireless controllers. The District completed an elevator project and a ceiling/lighting/pipe insulation project at CAD school. Birchwood School had an electrical upgrade, a window replacement project and an HVAC replacement. Some of these projects were partially funded using SDA (School Development Authority) grants.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (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.

#### 4) INTERNAL ACCOUNTING CONTROLS (Continued):

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, 2016.

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 Financial Statements".

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements". 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 broker, Morville Agency, 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 Insurance Group (NJSBIG). The SAIF and NJSBIG 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 NJSBIG is included in the "Notes to the 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 Lerch, Vinci & Higgins, 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 U.S Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the financial statements and required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

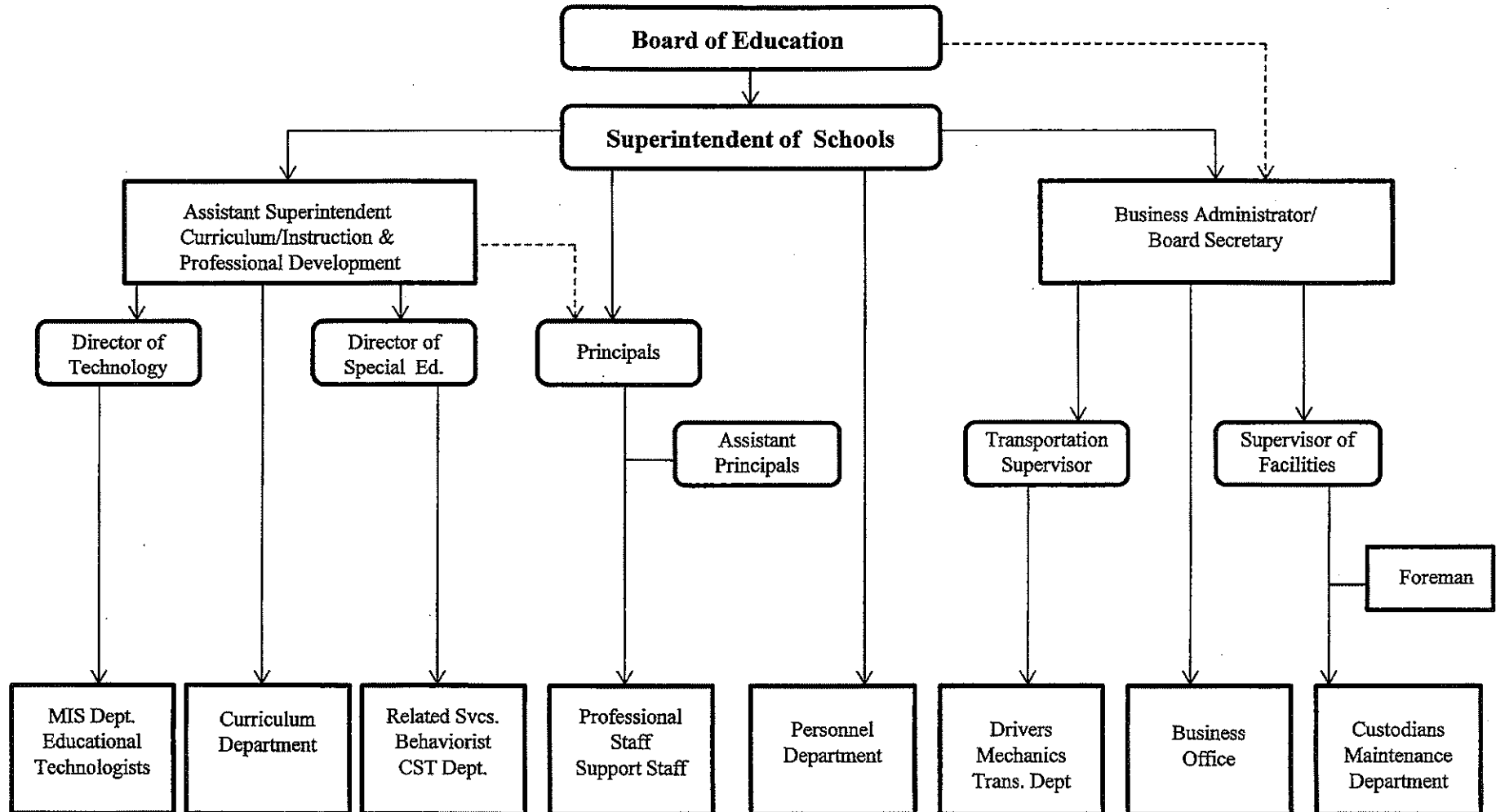
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Rockaway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,



Donnamarie Palmiere

Board Secretary/Business Administrator



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

**Roster of Officials  
June 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Dr. Robert Kurland, President	2017
Susan Shanik Salny, Vice President	2016
Russell Babcock	2017
Rachel Brookes	2016
Rosemary Chabala	2018
Nancy Chirico	2016
Tara Maluszcak	2018

**Other Officials**

Greg McGann, Ed. D.	Superintendent of Schools
Donnamarie Palmiere	Board Secretary/Business Administrator.
Lisa Palmieri, Treasurer	Treasurer

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors

**Audit Firm**

Lerch, Vinci & Higgins. LLP  
17-17 Route 208  
Fair Lawn, NJ 07410

**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**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Rockaway Township School District  
Hibernia, 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 Rockaway Township School District, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockaway Township School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Rockaway Township School District.

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

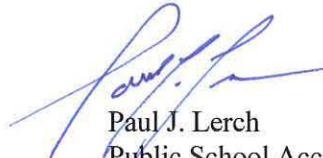
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2016 on our consideration of the Rockaway Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Rockaway Township School District's internal control over financial reporting and compliance.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 25, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

This discussion and analysis of the Rockaway Township School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- District-Wide - Overall revenues were \$60,424,925. General revenues accounted for \$45,172,054 or 75 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,252,871 or 25 percent of total revenues of \$60,424,925.
- District-Wide - The School District had \$58,138,751 in expenses; only \$15,252,871 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$45,172,054 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Rockaway Township School District's governmental funds reported combined ending fund balances of 9,487,643 a decrease of \$759,216 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, the unassigned fund balance for the General Fund was \$722,563, an increase of \$21,174 in comparison with the prior year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements and supplemental 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 Rockaway Township School District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Rockaway Township School District, reporting the Rockaway Township School District’s operation in more detail than the district-wide statements.
- The governmental fund statements tell how basic services were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the Rockaway Township School District operates like a business.
- 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 to whom the resources belong.

Table A-1 summarizes the major features of the Rockaway Township School District’s financial statements, including the portion of the Rockaway Township School 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Table A-1** Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary 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
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows/inflows of resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and deferred inflows of resources and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

### District-wide Statements

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the Rockaway Township School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Rockaway Township School District's assets, deferred outflows/inflows of resource and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

## **District-wide Statements (Continued)**

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund, Summer Enrichment Program and After School Program.

## **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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- **Governmental funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to 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, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

## **Fund Financial Statements (Continued)**

- **Proprietary Funds.** The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund, the Summer Enrichment Program and After School Program. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.
- **Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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

## **DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2016 and 2015. For 2016 and 2015 net position were \$11,106,935 and \$8,820,761 respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP  
SCHOOL DISTRICT AS A WHOLE (Continued)**

**Table A-2  
Statement of Net Position  
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current and Other Assets	\$ 9,573,672	\$ 10,843,140	\$ 391,938	\$ 357,376	\$ 9,965,610	\$ 11,200,516
Capital Assets	<u>24,795,574</u>	<u>21,653,647</u>	<u>88,777</u>	<u>113,012</u>	<u>24,884,351</u>	<u>21,766,659</u>
<b>Total Assets</b>	<u>34,369,246</u>	<u>32,496,787</u>	<u>480,715</u>	<u>470,388</u>	<u>34,849,961</u>	<u>32,967,175</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Refunding of Debt	171,042	110,701			171,042	110,701
Deferred Amounts on Net Pension Liability	<u>2,638,612</u>	<u>458,893</u>	<u>-</u>	<u>-</u>	<u>2,638,612</u>	<u>458,893</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,809,654</u>	<u>569,594</u>	<u>-</u>	<u>-</u>	<u>2,809,654</u>	<u>569,594</u>
<b>Total Assets and Deferred Outflows of of Resources</b>	<u>37,178,900</u>	<u>33,066,381</u>	<u>480,715</u>	<u>470,388</u>	<u>37,659,615</u>	<u>33,536,769</u>
<b>Liabilities</b>						
Long-Term Liabilities	25,742,346	22,713,402	-	-	25,742,346	22,713,402
Other Liabilities	<u>106,906</u>	<u>660,297</u>	<u>112,032</u>	<u>101,632</u>	<u>218,938</u>	<u>761,929</u>
<b>Total Liabilities</b>	<u>25,849,252</u>	<u>23,373,699</u>	<u>112,032</u>	<u>101,632</u>	<u>25,961,284</u>	<u>23,475,331</u>
<b>Deferred Inflows of Resources</b>						
Deferred Commodities Revenue			1,747	1,254	1,747	1,254
Deferred Amounts on Net Pension Liability	<u>589,649</u>	<u>1,239,423</u>	<u>-</u>	<u>-</u>	<u>589,649</u>	<u>1,239,423</u>
<b>Total Deferred Inflows of Resources</b>	<u>589,649</u>	<u>1,239,423</u>	<u>1,747</u>	<u>1,254</u>	<u>591,396</u>	<u>1,240,677</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>26,438,901</u>	<u>24,613,122</u>	<u>113,779</u>	<u>102,886</u>	<u>26,552,680</u>	<u>24,716,008</u>
<b>Net Position</b>						
Net Investment in Capital Assets	18,497,801	15,244,110	88,777	113,012	18,586,578	15,357,122
Restricted	6,105,971	6,953,662			6,105,971	6,953,662
Unrestricted	<u>(13,863,773)</u>	<u>(13,744,513)</u>	<u>278,159</u>	<u>254,490</u>	<u>(13,585,614)</u>	<u>(13,490,023)</u>
<b>Total Net Position</b>	<u>\$ 10,739,999</u>	<u>\$ 8,453,259</u>	<u>\$ 366,936</u>	<u>\$ 367,502</u>	<u>\$ 11,106,935</u>	<u>\$ 8,820,761</u>

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE (Continued)**

**Governmental activities.** Governmental activities for 2016 increased the District's net position by \$2,286,740. Key elements of this increase are as follows:

**Table A-3  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015**

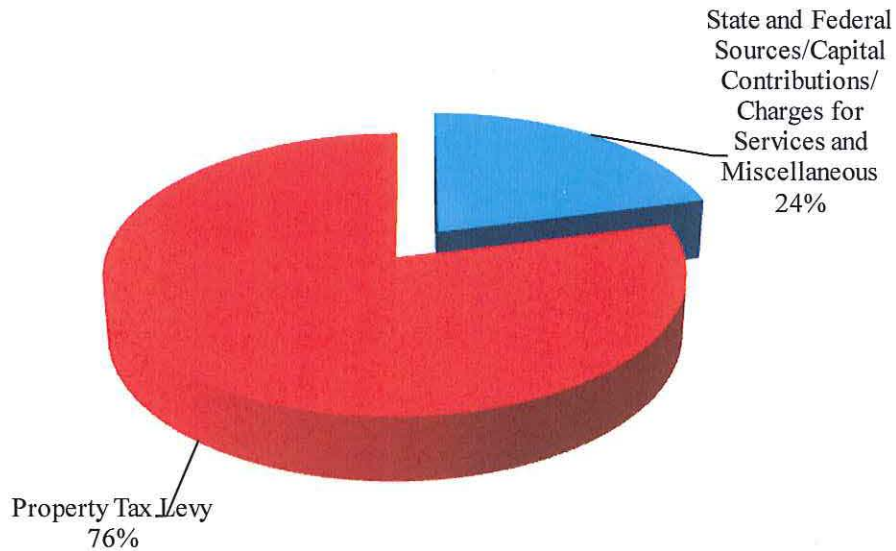
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 267,883	\$ 292,704	\$ 620,070	\$ 576,520	\$ 887,953	\$ 869,224
Operating Grants and Contributions	13,814,981	11,583,723	231,450	214,343	14,046,431	11,798,066
Capital Grants and Contributions	318,487	139,166			318,487	139,166
General Revenues						
Property Taxes	43,080,841	42,255,479			43,080,841	42,255,479
Unrestricted Federal/State Aid	1,532,026	1,534,100			1,532,026	1,534,100
Other	<u>558,892</u>	<u>260,452</u>	<u>295</u>	<u>208</u>	<u>559,187</u>	<u>260,660</u>
<b>Total Revenues</b>	<u>59,573,110</u>	<u>56,065,624</u>	<u>851,815</u>	<u>791,071</u>	<u>60,424,925</u>	<u>56,856,695</u>
<b>Expenses</b>						
Instruction						
Regular	21,316,919	19,361,831			21,316,919	19,361,831
Special Education	10,011,955	9,978,559			10,011,955	9,978,559
Other Instruction	1,429,835	1,404,875			1,429,835	1,404,875
School Sponsored Activities and Ath.	56,636	49,756			56,636	49,756
Support Services						
Student and Instruction Related Serv.	11,314,387	10,542,966			11,314,387	10,542,966
General Administrative Services	1,569,870	926,012			1,569,870	926,012
School Administrative Services	2,774,543	2,653,402			2,774,543	2,653,402
Administrative Information Technology	834,893	811,630			834,893	811,630
Central Services	754,374	749,794			754,374	749,794
Plant Operations and Maintenance	4,484,489	4,573,632			4,484,489	4,573,632
Pupil Transportation	2,549,796	3,156,987			2,549,796	3,156,987
Food Services			737,758	690,785	737,758	690,785
Summer Enrichment			114,623	93,837	114,623	93,837
Interest on Long-Term Debt	<u>188,673</u>	<u>262,028</u>	<u>-</u>	<u>-</u>	<u>188,673</u>	<u>262,028</u>
<b>Total Expenses</b>	<u>57,286,370</u>	<u>54,471,472</u>	<u>852,381</u>	<u>784,622</u>	<u>58,138,751</u>	<u>55,256,094</u>
Change in Net Position	2,286,740	1,594,152	(566)	6,449	2,286,174	1,600,601
Net Position, Beginning of Year	<u>8,453,259</u>	<u>6,859,107</u>	<u>367,502</u>	<u>361,053</u>	<u>8,820,761</u>	<u>7,220,160</u>
Net Position, End of Year	<u>\$ 10,739,999</u>	<u>\$ 8,453,259</u>	<u>\$ 366,936</u>	<u>\$ 367,502</u>	<u>\$ 11,106,935</u>	<u>\$ 8,820,761</u>

**Governmental activities.** The District's total governmental revenues were \$59,573,110. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$45,171,759 or 76% of total revenues. Funding from state and federal sources and capital contributions amounted to \$14,133,468 or 23%. In addition, charges for services from tuition and transportation fees of \$267,883 represent less than 1% of revenues.

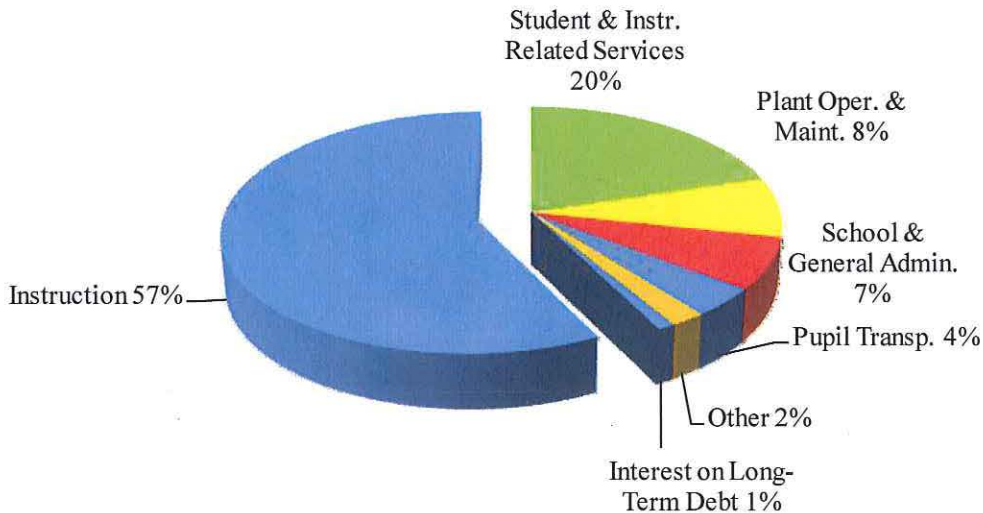
**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE (Continued)**

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$32,815,345 (57%), student support services totaled \$24,282,352 (42%) and interest on long-term debt total \$188,673 (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2016



Expenditures by Type- Governmental Activities  
For Fiscal Year 2016



**Net Cost of Governmental Activities.** The District's total cost of services was \$57,286,370. After applying program revenues, derived from operating and capital grants and contributions of \$14,133,468, and charges for services of \$267,883 the net cost of services of the District is \$42,885,019 for the fiscal year ended June 30, 2016.

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE (Continued)**

**Table A-4  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 21,316,919	\$ 19,361,831	\$ 15,909,778	\$ 15,122,263
Special Education	10,011,955	9,978,559	4,917,974	5,220,822
Other Instruction	1,429,835	1,404,875	1,044,593	1,072,590
School Sponsored Activities and Athletics	56,636	49,756	56,636	49,756
Support Services				
Student and Instruction Related Svcs.	11,314,387	10,542,966	8,821,269	8,595,916
General Administrative Services	1,569,870	926,012	1,569,870	926,012
School Administrative Services	2,774,543	2,653,402	2,345,382	2,309,533
Administrative Information Technology	834,893	811,630	777,897	811,630
Central Services	754,374	749,794	710,728	703,325
Plant Operations and Maintenance	4,484,489	4,573,632	4,012,380	4,390,800
Pupil Transportation	2,549,796	3,156,987	2,529,839	2,991,204
Interest on Long-Term Debt	188,673	262,028	188,673	262,028
Total Governmental Activities	<u>\$ 57,286,370</u>	<u>\$ 54,471,472</u>	<u>\$ 42,885,019</u>	<u>\$ 42,455,879</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$852,381. These costs were funded by operating grants and charges for services (Detailed on Table A-3). The operations resulted in a decrease in net position of \$566.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$9,487,643. In 2014-2015 the fund balance was \$10,246,859. The District's Fund balance has decreased due to expenditures in the Capital Project Fund where revenues to fund the projects have not yet been realized.

### The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$53,674,765 and expenditures were \$55,904,878.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2016 and 2015.

	<b>Fiscal Year Ended <u>June 30, 2016</u></b>	<b>Fiscal Year Ended <u>June 30, 2015</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources	\$ 43,908,316	\$ 42,817,323	\$ 1,090,993	2.55%
State Sources	8,551,420	7,771,691	779,729	10.03%
Federal Sources	<u>1,215,029</u>	<u>1,100,862</u>	<u>114,167</u>	10.37%
Total Revenues	<u>\$ 53,674,765</u>	<u>\$ 51,689,876</u>	<u>\$ 1,984,889</u>	3.84%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2016 and 2015.

	<b>Fiscal Year Ended June 30, 2016</b>	<b>Fiscal Year Ended June 30, 2015</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 27,829,132	\$ 26,366,797	\$ 1,462,335	5.55%
Support Services	21,596,968	21,433,067	163,901	0.76%
Debt Service	1,838,433	1,593,800	244,633	15.35%
Capital Outlay	<u>4,567,703</u>	<u>1,702,389</u>	<u>2,865,314</u>	168.31%
Total Expenditures	<u>\$ 55,832,236</u>	<u>\$ 51,096,053</u>	<u>\$ 4,736,183</u>	9.27%

### General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were related to:

- Implementing budgets for specially funded projects, which include both Federal and State grants.
- Reinstating prior year purchase orders being carried over as encumbrance.
- Increases in appropriation for significant unbudgeted costs.

**Capital Assets.** The Rockaway Township School District’s investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$24,884,351 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-5**  
**Capital Assets**  
**(net of accumulated depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 3,242,866	\$ 3,242,866			\$ 3,242,866	\$ 3,242,866
Construction in Progress	1,669,570	399,440			1,669,570	399,440
Buildings and Building Improvements	29,318,706	27,811,114			29,318,706	27,811,114
Machinery and Equipment	10,221,846	8,431,865	\$ 429,129	\$ 420,118	10,650,975	8,851,983
<b>Total</b>	<b>44,452,988</b>	<b>39,885,285</b>	<b>429,129</b>	<b>420,118</b>	<b>44,882,117</b>	<b>40,305,403</b>
Less: Accumulated Depreciation	19,657,414	18,231,638	340,352	307,106	19,997,766	18,538,744
<b>Total</b>	<b>\$ 24,795,574</b>	<b>\$ 21,653,647</b>	<b>\$ 88,777</b>	<b>\$ 113,012</b>	<b>\$ 24,884,351</b>	<b>\$ 21,766,659</b>

Additional information on Rockaway Township School District’s capital assets can be found in Note 3 of this report.

**Debt Administration.** As of June 30, 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$25,742,346 as stated in Table A-6.

**Long-Term Liabilities**

**Table A-6  
Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>Balance June 30, 2016</u>	<u>Balance June 30, 2015</u>
General Obligation Bonds, Gross	\$ 4,809,244	\$ 5,005,000
Obligations Under Capital Leases	1,659,571	1,515,238
Other Long-Term Liabilities	1,368,672	1,599,827
Net Pension Liability	<u>17,904,859</u>	<u>14,593,337</u>
 Total	 <u>\$ 25,742,346</u>	 <u>\$ 22,713,402</u>

Additional information on Rockaway Township School District’s long-term debt can be found in Note 3 of this report.

Moody’s Investors Service has assigned an Aa2 enhanced rating to the Rockaway Township School District’s \$4,395,000 million Refunding School Bonds. These bonds are secured by New Jersey’s Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72’s highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody’s anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

**CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE’S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS**

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey’s larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.



## **FOR THE FUTURE**

Currently, the District is in good financial condition. Everyone associated with the Rockaway Township School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of declining flat state aid support, means an ever-increasing reliance on local property taxes.

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional information, contact the School Business Administrator at the Rockaway Township School District, Hibernia, NJ 07842.

**FINANCIAL STATEMENTS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,593,286	\$ 351,293	\$ 8,944,579
Receivables, net	980,386	36,410	1,016,796
Inventory		3,794	3,794
Prepaid Expense		441	441
Capital Assets, net			
Not Being Depreciated	4,912,436		4,912,436
Being Depreciated	<u>19,883,138</u>	<u>88,777</u>	<u>19,971,915</u>
 Total Assets	 <u>34,369,246</u>	 <u>480,715</u>	 <u>34,849,961</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	171,042		171,042
Deferred Amounts on Net Pension Liability	<u>2,638,612</u>	<u>-</u>	<u>2,638,612</u>
 Total Deferred Outflows of Resources	 <u>2,809,654</u>	 <u>-</u>	 <u>2,809,654</u>
 Total Assets and Deferred Outflows of Resources	 <u>37,178,900</u>	 <u>480,715</u>	 <u>37,659,615</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	86,029	49,618	135,647
Unearned Revenue		62,414	62,414
Accrued Interest Payable	20,877		20,877
Noncurrent Liabilities			
Due Within One Year	968,632		968,632
Due Beyond One Year	<u>24,773,714</u>	<u>-</u>	<u>24,773,714</u>
 Total Liabilities	 <u>25,849,252</u>	 <u>112,032</u>	 <u>25,961,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		1,747	1,747
Deferred Amounts on Net Pension Liability	<u>589,649</u>	<u>-</u>	<u>589,649</u>
 Total Deferred Inflows of Resources	 <u>589,649</u>	 <u>1,747</u>	 <u>591,396</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>26,438,901</u>	 <u>113,779</u>	 <u>26,552,680</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	18,497,801	88,777	18,586,578
Restricted for			
Debt Service	3		3
Capital Projects	6,105,968		6,105,968
Unrestricted	<u>(13,863,773)</u>	<u>278,159</u>	<u>(13,585,614)</u>
 Total Net Position	 <u>\$ 10,739,999</u>	 <u>\$ 366,936</u>	 <u>\$ 11,106,935</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 21,316,919	\$ 62,700	\$ 5,344,441		\$ (15,909,778)		\$ (15,909,778)
Special Education	10,011,955	185,226	4,908,755		(4,917,974)		(4,917,974)
Other Instruction	1,429,835		385,242		(1,044,593)		(1,044,593)
School Sponsored Activities and Athletics	56,636				(56,636)		(56,636)
Support Services							
Student and Instruction Related Services	11,314,387		2,493,118		(8,821,269)		(8,821,269)
General Administrative Services	1,569,870				(1,569,870)		(1,569,870)
School Administrative Services	2,774,543		429,161		(2,345,382)		(2,345,382)
Administrative Information Technology	834,893		56,996		(777,897)		(777,897)
Central Services	754,374		43,646		(710,728)		(710,728)
Plant Operations and Maintenance	4,484,489		153,622	\$ 318,487	(4,012,380)		(4,012,380)
Pupil Transportation	2,549,796	19,957			(2,529,839)		(2,529,839)
Interest on Long-Term Debt	188,673	-	-	-	(188,673)	-	(188,673)
<b>Total Governmental Activities</b>	<b>57,286,370</b>	<b>267,883</b>	<b>13,814,981</b>	<b>318,487</b>	<b>(42,885,019)</b>	<b>-</b>	<b>(42,885,019)</b>
<b>Business-Type Activities</b>							
Food Service	737,758	508,229	231,450	-	-	\$ 1,921	1,921
Non-Major	114,623	111,841	-	-	-	(2,782)	(2,782)
<b>Total Business-Type Activities</b>	<b>852,381</b>	<b>620,070</b>	<b>231,450</b>	<b>-</b>	<b>-</b>	<b>(861)</b>	<b>(861)</b>
<b>Total Primary Government</b>	<b>\$ 58,138,751</b>	<b>\$ 887,953</b>	<b>\$ 14,046,431</b>	<b>\$ 318,487</b>	<b>(42,885,019)</b>	<b>(861)</b>	<b>(42,885,880)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					42,655,566		42,655,566
Taxes Levied for Debt Service					425,275		425,275
State Aid - Unrestricted					1,393,820		1,393,820
State Aid for Debt Service Principal					138,206		138,206
Miscellaneous Income					544,113		544,113
Interest					14,779	295	15,074
<b>Total General Revenues</b>					<b>45,171,759</b>	<b>295</b>	<b>45,172,054</b>
<b>Change in Net Position</b>					<b>2,286,740</b>	<b>(566)</b>	<b>2,286,174</b>
<b>Net Position, Beginning of Year</b>					<b>8,453,259</b>	<b>367,502</b>	<b>8,820,761</b>
<b>Net Position, End of Year</b>					<b>\$ 10,739,999</b>	<b>\$ 366,936</b>	<b>\$ 11,106,935</b>

**FUND FINANCIAL STATEMENTS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,593,283			\$ 3	\$ 8,593,286
Due from Other Funds	486,105				486,105
Other Receivables	401,712				401,712
Receivables from Other Governments	<u>122,856</u>	<u>\$ 107,218</u>	<u>\$ 348,600</u>	<u>-</u>	<u>578,674</u>
Total Assets	<u>\$ 9,603,956</u>	<u>\$ 107,218</u>	<u>\$ 348,600</u>	<u>\$ 3</u>	<u>\$ 10,059,777</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable and Other Liabilities	\$ 58,766	\$ 21,645			\$ 80,411
Due to Other Governments		5,618			5,618
Due to Other Funds	<u>-</u>	<u>79,955</u>	<u>\$ 406,150</u>	<u>-</u>	<u>486,105</u>
Total Liabilities	<u>58,766</u>	<u>107,218</u>	<u>406,150</u>	<u>-</u>	<u>572,134</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	764,322				764,322
Excess Surplus - Designated for Subsequent Year's Expenditures	1,154,726				1,154,726
Capital Reserve	3,912,112				3,912,112
Capital Reserve - Designated for Subsequent Year's Expenditures	2,251,406				2,251,406
Capital Projects			(57,550)		(57,550)
Debt Service				\$ 3	3
Assigned Fund Balance					
Year-End Encumbrances	740,061				740,061
Unassigned Fund Balance					
General Fund	<u>722,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,563</u>
Total Fund Balances (Deficits)	<u>9,545,190</u>	<u>-</u>	<u>(57,550)</u>	<u>3</u>	<u>9,487,643</u>
Total Liabilities and Fund Balances	<u>\$ 9,603,956</u>	<u>\$ 107,218</u>	<u>\$ 348,600</u>	<u>\$ 3</u>	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1) \$ 9,487,643

*Amounts reported for governmental activities in the statement of net Position (A-1) are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$44,452,988 and the accumulated depreciation is \$19,657,414.

24,795,574

The District has financial capital assets through the issuance of serial bonds. The interest accrual at year end is:

(20,877)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of resources	\$ 2,638,612	
Deferred Inflows of Resources	<u>(589,649)</u>	2,048,963

Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable, including unamortized Premium	(4,809,244)	
Deferred Outflows of Resources- Deferred		
Amounts on Refunding of Debt	171,042	
Compensated Absences	(1,368,672)	
Lease Payable	(1,659,571)	
Net Pension Liability	<u>(17,904,859)</u>	<u>(25,571,304)</u>

**Net Position (Exhibit A-1) \$ 10,739,999**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 42,655,566			\$ 425,275	\$ 43,080,841
Tuition	247,926				247,926
Miscellaneous	578,849	\$ 700	-	-	579,549
Total - Local Sources	43,482,341	700	-	425,275	43,908,316
State Sources	8,088,658	6,069	\$ 318,487	138,206	8,551,420
Federal Sources	382,719	832,310	-	-	1,215,029
Total Revenues	<u>51,953,718</u>	<u>839,079</u>	<u>318,487</u>	<u>563,481</u>	<u>53,674,765</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	17,919,052	141,629			18,060,681
Special Education Instruction	7,920,848	574,259			8,495,107
Other Instruction	1,214,209	2,499			1,216,708
School-Sponsored Activities and Athletics	56,636				56,636
Support Services and Undistributed Costs:					
Student and Instruction Related Services	9,593,273	120,692			9,713,965
General Administrative Services	975,003				975,003
School Administrative Services	2,456,579				2,456,579
Administrative Information Technology	818,296				818,296
Central Services	701,830				701,830
Plant Operations and Maintenance	4,405,955				4,405,955
Pupil Transportation	2,525,340				2,525,340
Debt Service					
Principal	1,157,320			365,000	1,522,320
Interest and Other Charges	21,030			198,481	219,511
Cost of Issuance				96,602	96,602
Advance Refunding Escrow				72,642	72,642
Capital Outlay	1,926,227	-	2,641,476	-	4,567,703
Total Expenditures	<u>51,691,598</u>	<u>839,079</u>	<u>2,641,476</u>	<u>732,725</u>	<u>55,904,878</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>262,120</u>	<u>-</u>	<u>(2,322,989)</u>	<u>(169,244)</u>	<u>(2,230,113)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Proceeds	1,301,653				1,301,653
Refunding Bond Proceeds				4,395,000	4,395,000
Premium on Refunding Bonds				414,244	414,244
Payment to Refunded Bond Escrow Agent				(4,640,000)	(4,640,000)
Transfers In	69,555		1,444,660		1,514,215
Transfers Out	(1,444,660)	-	(69,555)	-	(1,514,215)
Total Other Financing Sources and Uses	<u>(73,452)</u>	<u>-</u>	<u>1,375,105</u>	<u>169,244</u>	<u>1,470,897</u>
Net Change in Fund Balances	188,668	-	(947,884)	-	(759,216)
Fund Balance, Beginning of Year	<u>9,356,522</u>	<u>-</u>	<u>890,334</u>	<u>3</u>	<u>10,246,859</u>
Fund Balance, End of Year	<u>\$ 9,545,190</u>	<u>\$ -</u>	<u>\$ (57,550)</u>	<u>\$ 3</u>	<u>\$ 9,487,643</u>

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



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (759,216)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.

Capital Outlay	\$ 4,567,703	
Depreciation Expense	<u>(1,425,776)</u>	
		\$ 3,141,927

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	231,155	
Increase in Pension Expense	<u>(482,029)</u>	
		(250,874)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Serial Bonds	365,000	
Lease Purchase Agreement	<u>1,157,320</u>	
		1,522,320

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Lease Purchase Proceeds		(1,301,653)
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The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bonds Proceeds	(4,395,000)	
Premium on Bond Proceeds	(414,244)	
Payments to Escrow Agent for Refunding	4,712,642	
Amortization of Deferred Amounts on Refunding	<u>(12,301)</u>	
		(108,903)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>43,139</u>
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**Change in net position of governmental activities (Exhibit A-2)** \$ 2,286,740

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2016**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 296,746	\$ 54,547	\$ 351,293
Intergovernmental Receivable			
State	1,295		1,295
Federal	35,115		35,115
Prepaid Expense		441	441
Inventories	<u>3,794</u>	<u>-</u>	<u>3,794</u>
Total Current Assets	<u>336,950</u>	<u>54,988</u>	<u>391,938</u>
Capital Assets			
Equipment	429,129		429,129
Less: Accumulated Depreciation	<u>(340,352)</u>	<u>-</u>	<u>(340,352)</u>
Total Capital Assets, Net	<u>88,777</u>	<u>-</u>	<u>88,777</u>
Total Assets	<u>425,727</u>	<u>54,988</u>	<u>480,715</u>
<b>LIABILITIES</b>			
Accounts Payable	49,618		49,618
Unearned Revenue	<u>14,740</u>	<u>47,674</u>	<u>62,414</u>
Total Liabilities	<u>64,358</u>	<u>47,674</u>	<u>112,032</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>1,747</u>	<u>-</u>	<u>1,747</u>
Total Liabilities and Deferred Inflows of Resources	<u>66,105</u>	<u>47,674</u>	<u>113,779</u>
<b>NET POSITION</b>			
Investment in Capital Assets	88,777		88,777
Unrestricted	<u>270,845</u>	<u>7,314</u>	<u>278,159</u>
Total Net Position	<u>\$ 359,622</u>	<u>\$ 7,314</u>	<u>\$ 366,936</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales			
Reimbursable Programs	\$ 309,256		\$ 309,256
Non - Reimbursable Programs	187,290		187,290
Special Functions	11,583		11,583
Program Fees	100	\$ 111,841	111,941
	<u>508,229</u>	<u>111,841</u>	<u>620,070</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales - Non Programs	91,204		91,204
Cost of Sales - Reimbursable Programs	234,598		234,598
Salaries and Employee Benefits	297,580	108,249	405,829
Purchased Professional Services	66,090		66,090
Supplies and Materials	15,040	3,929	18,969
Transportation		2,445	2,445
Depreciation	33,246	-	33,246
	<u>737,758</u>	<u>114,623</u>	<u>852,381</u>
Operating Income/(Loss)	<u>(229,529)</u>	<u>(2,782)</u>	<u>(232,311)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
State School Lunch Program	6,790		6,790
Federal Sources			
National School Lunch Program	177,287		177,287
National School Breakfast Program	7,395		7,395
Food Distribution Program	39,978		39,978
Local Sources			
Interest Income	286	9	295
	<u>231,736</u>	<u>9</u>	<u>231,745</u>
Change in Net Position	2,207	(2,773)	(566)
Total Net Position, Beginning of Year	<u>357,415</u>	<u>10,087</u>	<u>367,502</u>
Total Net Position, End of Year	<u>\$ 359,622</u>	<u>\$ 7,314</u>	<u>\$ 366,936</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 514,311	\$ 113,400	\$ 627,711
Cash Payments for Employees' Salaries and Benefits	(363,670)	(108,249)	(471,919)
Cash Payments to Suppliers for Goods and Services	(62,374)	(5,903)	(68,277)
Net Cash Provided by (Used for) by Operating Activities	<u>88,267</u>	<u>(752)</u>	<u>87,515</u>
<b>Cash Flows from Investing Activities</b>			
Interest Income	<u>286</u>	<u>9</u>	<u>295</u>
Net Cash Provided by Investing Activities	<u>286</u>	<u>9</u>	<u>295</u>
<b>Cash Flows from Capital And Related Financing Activities</b>			
Acquisition of Capital Assets	<u>(9,011)</u>	<u>-</u>	<u>(9,011)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(9,011)</u>	<u>-</u>	<u>(9,011)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	<u>171,789</u>	<u>-</u>	<u>171,789</u>
Net Cash Provided by Noncapital Financing Activities	<u>171,789</u>	<u>-</u>	<u>171,789</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	251,331	(743)	250,588
Cash and Cash Equivalents, Beginning of Year	<u>280,013</u>	<u>55,290</u>	<u>335,303</u>
Cash and Cash Equivalents, End of Year	<u>\$ 531,344</u>	<u>\$ 54,547</u>	<u>\$ 585,891</u>
<b>Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities</b>			
Operating Income/(Loss)	\$ (229,529)	\$ (2,782)	\$ (232,311)
Adjustments to Reconcile Operating Income Gain/(Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	33,246		33,246
Federal Food Distribution Program - Non-Cash (USDA)	39,978		39,978
Change in Assets and Liabilities/Deferred Inflows of Resources			
(Increase)/Decrease in Accounts Receivable, Other	2,546		2,546
(Increase)/Decrease in Prepaid Sales		471	471
(Increase)/Decrease in Inventory	(1,906)		(1,906)
Increase/(Decrease) in Accounts Payable	5,305		5,305
Increase/(Decrease) in Unearned Revenue	3,536	1,559	5,095
Increase/(Decrease) in Deferred Commodities Revenue	493	-	493
Total Adjustments	<u>83,198</u>	<u>2,030</u>	<u>85,228</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (146,331)</u>	<u>\$ (752)</u>	<u>\$ (147,083)</u>
Non-Cash Inventory Capital and Financing Activities			
Value Received - Food Distribution Program	\$ 40,471		

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 348,793	\$ 369,174
Total Assets	<u>348,793</u>	<u>\$ 369,174</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 208,820
Due to State of New Jersey	\$ 11,461	
Accrued Salaries and Wages		376
Due to Family Outreach		327
Due to Flex Spending		11,816
Due to Student Groups	-	<u>147,835</u>
Total Liabilities	<u>11,461</u>	<u>\$ 369,174</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 337,332</u>	

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Unemployment Compensation <u>Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 85,959
Investment Earnings	
Interest	<u>164</u>
Total Additions	<u>86,123</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>70,710</u>
Total Deductions	<u>70,710</u>
Change in Net Position	15,413
Net Position, Beginning of Year	<u>321,919</u>
Net Position, End of Year	<u><u>\$ 337,332</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Rockaway Township School District (the "Board") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Rockaway Township School District this includes general operations, food service, summer enrichment, after school and student related activities of the District.

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*,. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. New Accounting Standards (Continued)**

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. Basis of Presentation - Financial Statements**

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *summer enrichment fund* accounts for the activities of the District's summer programs which provides students with various instructional and non-instructional programs during the summer break.

The *after school fund* accounts for the activities of the District's after school program which provided for various after school services for district students.

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

**1. *Cash, Cash Equivalents and Investments***

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

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

**2. *Receivables***

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

**3. *Inventories***

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**4. *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-50
Machinery and Equipment	5-15

**6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

***6. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***7. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***8. Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year’s Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Reserve - Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

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

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Revenues and Expenditures/Expenses (Continued)**

**2. *Property Taxes***

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

**3. *Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, the summer enrichment enterprise fund and after school enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 18, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$547,946. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Deficit Fund Balance**

The District has an accumulated deficit in fund balance of \$57,550 in the Capital Projects Fund. The District expects to eliminate this deficit through normal operations in the 2016/2017 fiscal year though the transfers of Capital Reserve funds.

**C. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 6,063,325
Increased by:		
Interest Earnings	\$ 13,476	
Unexpended Capital Outlay Appropriations	534,897	
Unexpended Reserve Returned from Capital Projects Fund	69,555	
Deposits Approved by Board Resolution	<u>2,150,000</u>	
		<u>2,767,928</u>
		8,831,253
Withdrawals:		
Approved in District Budget	2,554,928	
Approved by Board Resolution	<u>112,807</u>	
		<u>2,667,735</u>
Balance, June 30, 2016		<u>\$ 6,163,518</u>

The District's 2016/17 budget included a withdrawal from capital reserve account of \$2,251,406.

**D. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 324,733
Increased by	
Interest earnings	<u>1,317</u>
	326,050
Withdrawals	
Approved in District Budget	<u>326,050</u>
Balance, June 30, 2016	<u>\$ -</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,859,778. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Transfers to Capital Outlay**

During the 2015/2016 school year, the district transferred \$598,246 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project and for the solar lease payments previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,919,048. Of this amount, \$1,154,726 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$764,322 will be appropriated in the 2017/2018 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$9,662,546 and bank and brokerage firm balances of the Board's deposits amounted to \$13,022,753. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>13,022,753</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board's bank balances were exposed to custodial credit risk.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Cash Deposits and Investments (Continued)**

**Investments**

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

As of June 30, 2016, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal	\$ 33,848	\$ 107,218		\$ 35,115	\$ 176,181
State	89,008		\$ 348,600	1,295	438,903
Other	401,712	-	-	-	401,712
	<u>524,568</u>	<u>107,218</u>	<u>348,600</u>	<u>36,410</u>	<u>1,016,796</u>
Gross Receivables					
	<u>524,568</u>	<u>107,218</u>	<u>348,600</u>	<u>36,410</u>	<u>1,016,796</u>
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 524,568</u>	<u>\$ 107,218</u>	<u>\$ 348,600</u>	<u>\$ 36,410</u>	<u>\$ 1,016,796</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Assets**

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

	Balance, July 1, 2015	Increases	Deletions	Adjustments	Balance, June 30, 2016
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,242,866				\$ 3,242,866
Construction in Progress	399,440	\$ 2,641,476	-	\$ (1,371,346)	1,669,570
Total Capital Assets, Not Being Depreciated	<u>3,642,306</u>	<u>2,641,476</u>	<u>-</u>	<u>(1,371,346)</u>	<u>4,912,436</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	27,811,114	136,246		1,371,346	29,318,706
Machinery and Equipment	8,431,865	1,789,981	-	-	10,221,846
Total Capital Assets Being Depreciated	<u>36,242,979</u>	<u>1,926,227</u>	<u>-</u>	<u>1,371,346</u>	<u>39,540,552</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(13,538,427)	(820,008)			(14,358,435)
Machinery and Equipment	(4,693,211)	(605,768)	-	-	(5,298,979)
Total Accumulated Depreciation	<u>(18,231,638)</u>	<u>(1,425,776)</u>	<u>-</u>	<u>-</u>	<u>(19,657,414)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,011,341</u>	<u>500,451</u>	<u>-</u>	<u>1,371,346</u>	<u>19,883,138</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,653,647</u>	<u>\$ 3,141,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,795,574</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Assets (Continued)**

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 420,118	9,011	-	\$ 429,129
Total Capital Assets Being Depreciated	<u>420,118</u>	<u>9,011</u>	<u>-</u>	<u>429,129</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(307,106)</u>	\$ (33,246)	-	<u>(340,352)</u>
Total Accumulated Depreciation	<u>(307,106)</u>	<u>(33,246)</u>	<u>-</u>	<u>(340,352)</u>
Total Capital Assets, Being Depreciated, Net	<u>113,012</u>	<u>(24,235)</u>	<u>-</u>	<u>88,777</u>
Business-Type Activities Capital Assets, Net	<u>\$ 113,012</u>	<u>\$ (24,235)</u>	<u>\$ -</u>	<u>\$ 88,777</u>

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction	
Regular	\$ 556,685
Special	283,568
Other Special Instruction	<u>1,676</u>
Total Instruction	<u>841,929</u>
Support Services	
Student and Instruction Related	298,765
School Administrative Services	77,783
General Administrative Services	13,989
Plant Operations and Maintenance	86,257
Pupil Transportation	69,401
Administrative Information Technology	16,597
Central Services	<u>21,055</u>
Total Support Services	<u>583,847</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,425,776</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 33,246</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Birchwood Elementary - Electrical Upgrades	\$ 66,444	\$ 25,256
Birchwood Elementary - HVAC Improvements	619,342	301,802
Copeland and Katherine D. Malone Boiler Replacement	117,894	430,106
Catherine A. Dwyer - HVAC Upgrades	132,050	261,950
	<u>\$ 935,730</u>	<u>\$ 1,019,114</u>

**D. Interfund Receivables, Payables, and Transfers**

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

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 79,955
General Fund	Capital Projects Fund	<u>406,150</u>
		<u>\$ 486,105</u>

The above balances are the result of amounts received or other financing sources received in one fund which are due to another fund to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	Transfer In:		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 1,444,660	\$ 1,444,660
Capital Projects	\$ 69,555	-	69,555
Total Transfers Out	<u>\$ 69,555</u>	<u>\$ 1,444,660</u>	<u>\$ 1,514,215</u>

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

**E. Leases**

**Capital Leases**

The District is leasing various vehicles, buses, solar panels and copiers totaling \$5,937,497 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 545,254
2018	465,326
2019	378,046
2020	264,864
2021	<u>50,327</u>
Total minimum lease payments	1,703,817
Less: amount representing interest	<u>(44,246)</u>
Present value of minimum lease payments	<u>\$ 1,659,571</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2016 are comprised of the following issue:

\$4,395,000, 2016 Refunding School Bonds, due in annual installments of \$410,000 to \$580,000 through September 1, 2024, interest at 2.00% to 4.00%	<u>\$4,395,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 445,000	\$ 98,803	\$ 543,803
2018	410,000	132,200	542,200
2019	420,000	121,800	541,800
2020	430,000	109,050	539,050
2021	500,000	95,100	595,100
2022-2025	<u>2,190,000</u>	<u>179,600</u>	<u>2,369,600</u>
	<u>\$ 4,395,000</u>	<u>\$ 736,553</u>	<u>\$ 5,131,553</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 114,705,189
Less: Net Debt	<u>4,395,000</u>
Remaining Borrowing Power	<u>\$ 110,310,189</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Long-Term Debt (Continued)**

**Advance and Current Refundings of Debt**

On May 24, 2016, the District issued \$4,395,000 in School District Refunding Bonds having an interest rate of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$4,640,000 and the total interest payments defeased to the call date was \$984,564. The net proceeds of \$4,712,642 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$72,642. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	Balance, July 1, 2015	Issued	Reductions	Balance, June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
Serial Bonds Payable	\$ 5,005,000	\$ 4,395,000	\$ 5,005,000	\$ 4,395,000	\$ 445,000
Add: Original Issue Premium	-	414,244	-	414,244	-
<b>Total Serial Bonds Payable</b>	<b>5,005,000</b>	<b>4,809,244</b>	<b>5,005,000</b>	<b>4,809,244</b>	<b>445,000</b>
Capital Leases Payable	1,515,238	\$ 1,301,653	1,157,320	1,659,571	523,632
Compensated Absences	1,599,827		231,155	1,368,672	
Net Pension Liability	14,593,337	3,997,257	685,735	17,904,859	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$22,713,402</b>	<b>\$ 10,108,154</b>	<b>\$ 7,079,210</b>	<b>\$ 25,742,346</b>	<b>\$ 968,632</b>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF) and the New Jersey School Board's 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 worker's compensation insurance coverage. The Groups are a risk sharing public entity pool, established for the purpose of providing low cost insurance for its respective members in order to keep local property taxes to a minimum.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

SAIF and NJSBAIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	None	\$ 85,959	\$ 70,710	\$ 337,332
2015	None	84,130	78,697	321,919
2014	None	82,141	81,294	316,351

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 685,735	\$ 1,514,859	\$ 69,591
2015	642,768	1,030,764	58,818
2014	607,497	795,281	43,915

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,514,859 and \$1,030,764 respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$795,281 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,459,489 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$17,904,859 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .07976 percent, which was an increase of .00182 percent from its proportionate share measured as of June 30, 2014 of .07794 percent.



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,167,764 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 427,147	
Changes of Assumptions	1,922,839	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 287,876
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>288,626</u>	<u>301,773</u>
Total	<u>\$ 2,638,612</u>	<u>\$ 589,649</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 369,741
2018	369,741
2019	369,741
2020	587,162
2021	<u>352,578</u>
	<u>\$ 2,048,963</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

	<b><u>PERS</u></b>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,357,833 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$120,503,655. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .19066 percent, which was an increase of .00267 percent from its proportionate share measured as of June 30, 2014 of .18799 percent.

**Actuarial Assumptions**

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

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 144,934,566</u>	<u>\$ 120,503,655</u>	<u>\$ 100,184,329</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,803,779, \$1,636,338 and \$1,303,962, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 42,655,566		\$ 42,655,566	\$ 42,655,566	
Tuition	176,471		176,471	247,926	\$ 71,455
Transportation Fees - From Individuals	6,000		6,000	19,957	13,957
Interest Earned on Capital Reserve Funds	8,000		8,000	13,462	5,462
Interest Earned on Maintenance Reserve Funds	1,500		1,500	1,317	(183)
Miscellaneous	125,000	-	125,000	544,113	419,113
<b>Total Revenues- Local Sources</b>	<b>42,972,537</b>	<b>-</b>	<b>42,972,537</b>	<b>43,482,341</b>	<b>509,804</b>
State Sources					
Transportation Aid	136,876		136,876	136,876	
Special Education Aid	1,517,265		1,517,265	1,517,265	
Equalization Aid	883,819		883,819	883,819	
Security Aid	43,651		43,651	43,651	
Adjustment Aid	82,223		82,223	82,223	
PARCC Readiness	22,585		22,585	22,585	
Per Pupil Growth Aid	22,585		22,585	22,585	
Extraordinary Aid	350,000		350,000	550,123	200,123
Nonpublic Transportation Aid				16,762	16,762
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				1,442,979	1,442,979
NCGI Premium				71,880	71,880
Post-Retirement Medical Contribution				1,803,779	1,803,779
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,459,489	1,459,489
<b>Total State Sources</b>	<b>3,059,004</b>	<b>-</b>	<b>3,059,004</b>	<b>8,054,016</b>	<b>4,995,012</b>
Federal Sources					
Medicaid Reimbursement Program	30,742		30,742	2,434	(28,308)
Impact Aid	150,000	-	150,000	380,285	230,285
<b>Total Federal Sources</b>	<b>180,742</b>	<b>-</b>	<b>180,742</b>	<b>382,719</b>	<b>201,977</b>
<b>Total Revenues</b>	<b>46,212,283</b>	<b>-</b>	<b>46,212,283</b>	<b>51,919,076</b>	<b>5,706,793</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	122,685	\$ (43,311)	79,374	67,390	11,984
Kindergarten	591,155	239,526	830,681	824,431	6,250
Grades 1-5	6,509,160	(159,827)	6,349,333	6,201,793	147,540
Grades 6-8	3,956,816	(15,815)	3,941,001	3,872,235	68,766
Regular Programs - Home Instruction					
Salaries of Teachers	28,000	(87)	27,913	20,841	7,072
Purchased Professional-Educational Services	15,000	8,500	23,500	21,659	1,841
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	255,787	40,706	296,493	296,492	1
Purchased Professional-Educational Services	151,080	10,602	161,682	125,226	36,456
Other Purchased Services	1,000		1,000		1,000
General Supplies	533,275	194,210	727,485	644,103	83,382
Textbooks	152,200	10,300	162,500	123,258	39,242
Other Objects	30,000	(10,016)	19,984	15,397	4,587
<b>Total Regular Programs</b>	<b>12,346,158</b>	<b>274,788</b>	<b>12,620,946</b>	<b>12,212,825</b>	<b>408,121</b>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 387,551	\$ 10,532	\$ 398,083	\$ 396,681	\$ 1,402
Other Salaries for Instruction	27,154	10,343	37,497	37,156	341
General Supplies	7,750	(2,000)	5,750	2,034	3,716
Total Learning and/or Language Disabilities	<u>422,455</u>	<u>18,875</u>	<u>441,330</u>	<u>435,871</u>	<u>5,459</u>
Auditory Impairments					
Salaries of Teachers	48,000	215	48,215	48,175	40
Total Auditory Impairments	<u>48,000</u>	<u>215</u>	<u>48,215</u>	<u>48,175</u>	<u>40</u>
Behavioral Disabilities					
Salaries of Teachers	253,195	(5,875)	247,320	247,127	193
Other Salaries for Instruction	33,955	(11,131)	22,824	22,822	2
General Supplies	3,900	(3,700)	200	197	3
Total Behavioral Disabilities	<u>291,050</u>	<u>(20,706)</u>	<u>270,344</u>	<u>270,146</u>	<u>198</u>
Multiple Disabilities					
Salaries of Teachers	209,755	3,575	213,330	213,252	78
Other Salaries for Instruction	77,443	(1,033)	76,410	76,386	24
General Supplies	4,775	(3,763)	1,012	652	360
Other Objects	200	-	200	-	200
Total Multiple Disabilities	<u>292,173</u>	<u>(1,221)</u>	<u>290,952</u>	<u>290,290</u>	<u>662</u>
Resource Room					
Salaries of Teachers	3,230,217	(1,873)	3,228,344	3,228,343	1
Other Salaries for Instruction	78,805	(11,629)	67,176	67,174	2
General Supplies	9,200	(1,138)	8,062	7,953	109
Total Resource Room	<u>3,318,222</u>	<u>(14,640)</u>	<u>3,303,582</u>	<u>3,303,470</u>	<u>112</u>
Autism					
Salaries of Teachers	339,755	(10,989)	328,766	328,764	2
Other Salaries for Instruction	50,300	15,222	65,522	65,520	2
General Supplies	6,925	(203)	6,722	6,410	312
Other Objects	200	-	200	-	200
Total Autism	<u>397,180</u>	<u>4,030</u>	<u>401,210</u>	<u>400,694</u>	<u>516</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	96,405	(2,671)	93,734	93,733	1
Other Salaries for Instruction	78,574	(23,292)	55,282	55,279	3
General Supplies	2,700	(800)	1,900	683	1,217
Other Objects	1,000	(50)	950	-	950
Total Preschool Disabilities - Part - Time	<u>178,679</u>	<u>(26,813)</u>	<u>151,866</u>	<u>149,695</u>	<u>2,171</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	61,370	(2,593)	58,777	58,700	77
Other Salaries for Instruction	2,500	(2,350)	150	150	-
General Supplies	5,722	(5,650)	72	31	41
Total Preschool Disabilities - Full - Time	<u>69,592</u>	<u>(10,593)</u>	<u>58,999</u>	<u>58,881</u>	<u>118</u>
Total Special Education - Instruction	<u>5,017,351</u>	<u>(50,853)</u>	<u>4,966,498</u>	<u>4,957,222</u>	<u>9,276</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Basic Skills/Remedial					
Salaries of Teachers	\$ 627,813	\$ (35,648)	\$ 592,165	\$ 581,218	\$ 10,947
Total Basic Skills/Remedial	<u>627,813</u>	<u>(35,648)</u>	<u>592,165</u>	<u>581,218</u>	<u>10,947</u>
Bilingual Education					
Salaries of Teachers	229,241	(100)	229,141	227,015	2,126
General Supplies	1,290	-	1,290	-	1,290
Total Bilingual Education	<u>230,531</u>	<u>(100)</u>	<u>230,431</u>	<u>227,015</u>	<u>3,416</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	28,000	1,177	29,177	29,177	-
Total School Sponsored Co/Extra Curricular Activities	<u>28,000</u>	<u>1,177</u>	<u>29,177</u>	<u>29,177</u>	<u>-</u>
Before/After School Programs					
Supplies and Materials	8,000	(1,500)	6,500	4,677	1,823
Total Before/After School Programs	<u>8,000</u>	<u>(1,500)</u>	<u>6,500</u>	<u>4,677</u>	<u>1,823</u>
Community Services Programs					
Salaries	9,500	-	9,500	4,785	4,715
Purchased Services	1,500	-	1,500	-	1,500
Supplies and Materials	4,000	(1,500)	2,500	482	2,018
Total Community Services Program	<u>15,000</u>	<u>(1,500)</u>	<u>13,500</u>	<u>5,267</u>	<u>8,233</u>
Total - Instruction	<u>18,272,853</u>	<u>186,364</u>	<u>18,459,217</u>	<u>18,017,401</u>	<u>441,816</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	568,485	(49,210)	519,275	225,516	293,759
Tuition to CSSD & Regional Day Schools	101,588	-	101,588	26,043	75,545
Tuition to Priv. School for the Disabled W/I State	333,225	-	333,225	228,046	105,179
Total Undistributed Expenditures - Instruction	<u>1,003,298</u>	<u>(49,210)</u>	<u>954,088</u>	<u>479,605</u>	<u>474,483</u>
Attendance and Social Work					
Salaries	1,525	-	1,525	1,525	-
Total Attendance and Social Work	<u>1,525</u>	<u>-</u>	<u>1,525</u>	<u>1,525</u>	<u>-</u>
Health Services					
Salaries	475,346	3,540	478,886	478,885	1
Purchased Professional and Technical Services	27,000	(800)	26,200	20,200	6,000
Other Purchased Services	2,200	(676)	1,524	420	1,104
Supplies and Materials	26,700	(231)	26,469	24,911	1,558
Other Objects	2,600	(1,307)	1,293	496	797
Total Health Services	<u>533,846</u>	<u>526</u>	<u>534,372</u>	<u>524,912</u>	<u>9,460</u>
Speech, OT, PT & Related Svcs					
Salaries	2,996,734	(8,151)	2,988,583	2,988,580	3
Purchased Professional -Educational Services	160,655	120,385	281,040	254,660	26,380
Supplies and Materials	11,750	(2,725)	9,025	8,477	548
Other Objects	400	-	400	-	400
Total Speech, OT, PT & Related Svcs	<u>3,169,539</u>	<u>109,509</u>	<u>3,279,048</u>	<u>3,251,717</u>	<u>27,331</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services - Student - Extra Services					
Salaries	\$ 41,000	\$ (41,000)			
Purchased Professional-Educational Services	15,000	(200)	\$ 14,800	\$ 8,580	\$ 6,220
	<u>56,000</u>	<u>(41,200)</u>	<u>14,800</u>	<u>8,580</u>	<u>6,220</u>
Total Other Support Services - Student - Extra Services					
Guidance					
Salaries of Other Professional Staff	568,313	(18,482)	549,831	549,831	-
Salaries of Secretarial and Clerical Assistants	49,283	858	50,141	50,141	-
Other Purchased Professional -Technical Services	35,000	-	35,000	9,754	25,246
Other Purchased Services	950	-	950	61	889
Supplies and Materials	600	-	600	-	600
	<u>654,146</u>	<u>(17,624)</u>	<u>636,522</u>	<u>609,787</u>	<u>26,735</u>
Total Guidance					
Child Study Teams					
Salaries of Other Professional Staff	1,369,567	(35,793)	1,333,774	1,333,774	-
Salaries of Secretarial and Clerical Assistants	162,265	(390)	161,875	161,875	-
Other Purchased Professional and Technical Services	16,000	3,510	19,510	19,306	204
Other Purchased Services	7,700	(4,726)	2,974	2,857	117
Supplies and Materials	11,000	2,794	13,794	9,298	4,496
Other Objects	600	-	600	275	325
	<u>1,567,132</u>	<u>(34,605)</u>	<u>1,532,527</u>	<u>1,527,385</u>	<u>5,142</u>
Total Child Study Teams					
Improvement of Instruction Services					
Salaries of Supervisor of Instruction		134,100	134,100	134,100	-
Salaries of Other Professional Staff	10,000	(3,005)	6,995	3,528	3,467
Salaries of Secretarial and Clerical Assistants	45,900	2,000	47,900	46,525	1,375
Purchased Professional-Educational Services	32,000	-	32,000	15,198	16,802
Other Purchased Services	67,354	(12,678)	54,676	48,478	6,198
Supplies and Materials	5,000	2,720	7,720	6,113	1,607
Other Objects	5,000	-	5,000	4,552	448
	<u>165,254</u>	<u>123,137</u>	<u>288,391</u>	<u>258,494</u>	<u>29,897</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	287,795	21,834	309,629	306,738	2,891
Other Purchased Services	2,950	(384)	2,566	890	1,676
Supplies and Materials	40,600	80	40,680	36,406	4,274
	<u>331,345</u>	<u>21,530</u>	<u>352,875</u>	<u>344,034</u>	<u>8,841</u>
Total Educational Media Services/School Library					



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Other Purchased Services	\$ 19,900	\$ 193	\$ 20,093	\$ 9,919	\$ 10,174
Supplies and Materials	32,500	(2,500)	30,000	96	29,904
Other Objects	3,000	-	3,000	1,091	1,909
Total Instructional Staff Training Services	<u>55,400</u>	<u>(2,307)</u>	<u>53,093</u>	<u>11,106</u>	<u>41,987</u>
Support Services General Administration					
Salaries	270,423	13,122	283,545	283,544	1
Legal Services	75,000	167,250	242,250	227,673	14,577
Audit Fees	51,600	(9,150)	42,450	42,450	-
Other Purchased Professional Services	39,300	(28,565)	10,735	5,953	4,782
Communications/Telephone	125,000	5,609	130,609	128,641	1,968
BOE Other Purchased Services					-
Miscellaneous Purchased Services	122,467	(11,445)	111,022	105,681	5,341
General Supplies	4,500	(1,500)	3,000	527	2,473
BOE In-House Training and Meeting Supplies	2,500	(31)	2,469	2,468	1
Miscellaneous Expenditures	20,000	(10,875)	9,125	7,765	1,360
BOE Membership Dues and Fees	25,000	(2,600)	22,400	22,237	163
Total Support Services General Administration	<u>735,790</u>	<u>121,815</u>	<u>857,605</u>	<u>826,939</u>	<u>30,666</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Dir	916,684	(10,433)	906,251	906,251	-
Salaries of Other Professional Staff	132,600	(132,600)			
Salaries of Secretarial and Clerical Assistants	685,155	(14,852)	670,303	670,301	2
Purchased Professional and Technical Services	30,750	(10,996)	19,754	19,517	237
Other Purchased Services	12,800	(2,427)	10,373	8,384	1,989
Supplies and Materials	52,450	(10,373)	42,077	26,488	15,589
Other Objects	31,300	(990)	30,310	24,729	5,581
Total Support Services School Administration	<u>1,861,739</u>	<u>(182,671)</u>	<u>1,679,068</u>	<u>1,655,670</u>	<u>23,398</u>
Central Services					
Salaries	450,923	(18,876)	432,047	426,751	5,296
Purchased Professional Services		14,950	14,950		14,950
Purchased Technical Services	29,120	-	29,120	22,898	6,222
Misc. Purchased Services	8,150	(1,326)	6,824	4,028	2,796
Supplies and Materials	16,300	(7,480)	8,820	8,726	94
Interest on Least Purchase Agreements		18,320	18,320	18,320	
Miscellaneous Expenditures	3,000	-	3,000	2,634	366
Total Central Services	<u>507,493</u>	<u>5,588</u>	<u>513,081</u>	<u>483,357</u>	<u>29,724</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 345,540	\$ (9,169)	\$ 336,371	\$ 336,371	-
Purchased Technical Services	189,085	(71,300)	117,785	114,879	\$ 2,906
Other Purchased Services	4,000	-	4,000	1,784	2,216
Supplies and Materials	120,960	85,151	206,111	190,644	15,467
Other Objects	4,000	-	4,000	1,137	2,863
Total Admin. Info. Tech	<u>663,585</u>	<u>4,682</u>	<u>668,267</u>	<u>644,815</u>	<u>23,452</u>
Required Maintenance for School Facilities					
Salaries	397,885	(20,671)	377,214	377,214	-
Cleaning, Repair and Maintenance	350,700	117,935	468,635	413,757	54,878
General Supplies	265,000	32,883	297,883	265,599	32,284
Other Objects	3,400	(2,785)	615	615	-
Total Required Maintenance for School Facilities	<u>1,016,985</u>	<u>127,362</u>	<u>1,144,347</u>	<u>1,057,185</u>	<u>87,162</u>
Custodial Services					
Salaries	1,353,644	(14,422)	1,339,222	1,339,218	4
Purchased Professional & Technical Svcs.	90,000	5,558	95,558	95,007	551
Cleaning, Repair and Maintenance Services	365,950	(53,945)	312,005	280,186	31,819
Rental of Land and Bldg. Other than Lease Purchase Agreement	1	-	1	1	1
Other Purchased Property Services	44,975	-	44,975	41,427	3,548
Insurance	128,765	34,011	162,776	157,276	5,500
Miscellaneous Purchased Services	22,448	2,260	24,708	24,707	1
General Supplies	110,000	-	110,000	101,418	8,582
Energy (Natural Gas)	276,000	-	276,000	176,806	99,194
Energy (Electricity)	398,000	-	398,000	265,648	132,352
Energy (Oil)	110,000	-	110,000	24,035	85,965
Other Objects	300	-	300	-	300
Total Custodial Services	<u>2,900,083</u>	<u>(26,538)</u>	<u>2,873,545</u>	<u>2,505,728</u>	<u>367,817</u>
Care and Upkeep of Grounds					
General Supplies	25,000	3,246	28,246	26,378	1,868
Total Care and Upkeep of Grounds	<u>25,000</u>	<u>3,246</u>	<u>28,246</u>	<u>26,378</u>	<u>1,868</u>
Security					
Salaries	42,600	(3,860)	38,740	31,866	6,874
General Supplies	100	2,642	2,742	2,740	2
Total Security	<u>42,700</u>	<u>(1,218)</u>	<u>41,482</u>	<u>34,606</u>	<u>6,876</u>
Total Oper & Maint of Plant Services	<u>3,984,768</u>	<u>102,852</u>	<u>4,087,620</u>	<u>3,623,897</u>	<u>463,723</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 1,126,471	\$ (32,602)	\$ 1,093,869	\$ 1,071,928	\$ 21,941
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	322,306	6,470	328,776	253,241	75,535
Salaries for Pupil Transportation (Other than Between Home and School)	41,893	-	41,893	34,630	7,263
Salaries for Pupil Transportation (Between Home and School) - Non-Public	40,000	15,049	55,049	46,839	8,210
Cleaning, Repair and Maintenance Services	30,000	11,147	41,147	18,537	22,610
Lease Purchase Payments - School Buses	467,997	-	467,997	466,864	1,133
Contracted Services - ESC & CTSA (Special Ed. Students)	220,000	(1,678)	218,322	198,322	20,000
Contracted Services-Aid in Lieu of Payments-Nonpublic	100,000	(465)	99,535	80,393	19,142
Contracted Services (Bet. Home & Sch)-Joint Agrmnts	52,500	1,600	54,100	54,060	40
Miscellaneous Purchased Services - Transportation	10,000	(1,548)	8,452	2,469	5,983
General Supplies	382,100	13,658	395,758	220,932	174,826
Transportation Supplies	4,200	-	4,200	1,118	3,082
Other Objects					
<b>Total Student Transportation Services</b>	<u>2,797,467</u>	<u>12,096</u>	<u>2,809,563</u>	<u>2,449,798</u>	<u>359,765</u>
Unallocated Benefits					
Group Insurance	8,591,331	(120,018)	8,471,313	7,707,131	764,182
Social Security Contributions	675,000	29,788	704,788	704,788	-
Other Retirement Contributions - PERS	700,000	-	700,000	685,735	14,265
Other Retirement Contributions - DCRP	50,000	22,397	72,397	69,591	2,806
Unemployment	5,000	-	5,000	-	5,000
Workers Compensation	265,000	(7,649)	257,351	257,351	-
Tuition Reimbursement	100,000	12,369	112,369	100,582	11,787
Other Employee Benefits	324,850	-	324,850	297,687	27,163
<b>Total Unallocated Benefits</b>	<u>10,711,181</u>	<u>(63,113)</u>	<u>10,648,068</u>	<u>9,822,865</u>	<u>825,203</u>
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				1,442,979	(1,442,979)
NCGI Premium				71,880	(71,880)
Post-Retirement Medical Contribution				1,803,779	(1,803,779)
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,459,489	(1,459,489)
<b>Total On-Behalf TPAF</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,778,127</u>	<u>(4,778,127)</u>
<b>Total Undistributed Expenditures</b>	<u>28,799,508</u>	<u>111,005</u>	<u>28,910,513</u>	<u>31,302,613</u>	<u>(2,392,100)</u>
<b>Total Expenditures - Current Expense</b>	<u>47,072,361</u>	<u>297,369</u>	<u>47,369,730</u>	<u>49,320,014</u>	<u>(1,950,284)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>CAPITAL OUTLAY</b>					
Instruction					
Equipment					
Grades 6-8	\$ 2,000	\$ 2,795	\$ 4,795	\$ 4,795	-
Multiple Disabilities		7,777	7,777		\$ 7,777
School Administration	2,000	(2,000)			-
Administrative Information Technology	30,000	-	30,000	29,170	830
Supp. Service - Students - Regular		4,307	4,307	4,306	1
Required Maintenance for School Facilities	1,022,719	(187,662)	835,057	390,615	444,442
Custodial Services	449,178	(415,686)	33,492	33,492	-
Security		121,745	121,745		121,745
Student Transportation-Non-Instructional Equipment	27,000	-	27,000	25,950	1,050
Undistributed Expenditures - Non-Instructional Serv.	9,500	-	9,500	-	9,500
Total Equipment	<u>1,542,397</u>	<u>(468,724)</u>	<u>1,073,673</u>	<u>488,328</u>	<u>585,345</u>
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	1,301,653	(1,301,653)
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		20,133	20,133	20,133	-
Construction Services	1,416,750	(1,275,381)	141,369	116,113	25,256
Lease Purchase Agreements - Principal		408,834	408,834	408,833	1
Assessment for Debt Service on SDA Funding	1,830	-	1,830	1,830	-
Total Facilities Acquisition and Construction Services	<u>1,418,580</u>	<u>(846,414)</u>	<u>572,166</u>	<u>546,909</u>	<u>25,257</u>
Total Capital Outlay	<u>2,960,977</u>	<u>(1,315,138)</u>	<u>1,645,839</u>	<u>2,336,890</u>	<u>(691,051)</u>
Transfer of Funds to Charter Schools	44,330	-	44,330	34,694	9,636
Total Expenditures	<u>50,077,668</u>	<u>(1,017,769)</u>	<u>49,059,899</u>	<u>51,691,598</u>	<u>(2,631,699)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,865,385)</u>	<u>1,017,769</u>	<u>(2,847,616)</u>	<u>227,478</u>	<u>3,075,094</u>
Other Financing Sources/(Uses)					
Lease Proceeds (Non-Budget)				1,301,653	1,301,653
Transfer In				69,555	69,555
Transfer Out	-	(1,444,660)	(1,444,660)	(1,444,660)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(1,444,660)</u>	<u>(1,444,660)</u>	<u>(73,452)</u>	<u>1,371,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	<u>(3,865,385)</u>	<u>(426,891)</u>	<u>(4,292,276)</u>	<u>154,026</u>	<u>4,446,302</u>
Fund Balances, Beginning of Year	<u>10,206,901</u>	<u>-</u>	<u>10,206,901</u>	<u>10,206,901</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,341,516</u>	<u>\$ (426,891)</u>	<u>\$ 5,914,625</u>	<u>\$ 10,360,927</u>	<u>\$ 4,446,302</u>
<b>Recapitulation</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus				\$ 764,322	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,154,726	
Capital Reserve				3,912,112	
Capital Reserve - Designated for Subsequent Year's Expenditures				2,251,406	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				740,061	
<b>Unassigned Fund Balance</b>					
				<u>1,538,300</u>	
Budgetary Fund Balance				10,360,927	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
2015/2016 State Aid Payment Not Recognized on a GAAP Basis				(265,614)	
2015/2016 Extraordinary Aid Payments Not Recognized on a GAAP Basis				<u>(550,123)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 9,545,190</u>	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
<b>REVENUES</b>					
Local Sources		\$ 700	\$ 700	\$ 700	
Intergovernmental					
State		11,687	11,687	6,069	\$ (5,618)
Federal	\$ 723,944	108,668	832,612	825,628	(6,984)
Total Revenues	<u>723,944</u>	<u>121,055</u>	<u>844,999</u>	<u>832,397</u>	<u>(12,602)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		108,001	108,001	104,900	3,101
Purchased Prof. & Technical Services		5,945	5,945	5,129	816
Tuition	578,993	(4,734)	574,259	574,259	-
Textbooks		2,627	2,627	571	2,056
General Supplies	71,390	(38,369)	33,021	28,900	4,121
Total Instruction	<u>650,383</u>	<u>73,470</u>	<u>723,853</u>	<u>713,759</u>	<u>10,094</u>
Support Services					
Salaries of Other Professional Staff	28,818	16,371	45,189	45,189	-
Personal Services - Employee Benefits	2,205	19,891	22,096	21,860	236
Purchased Professional/Educational Services	42,538	709	43,247	41,395	1,852
Other Purchased Services		1,057	1,057	1,057	-
General Supplies	-	9,557	9,557	9,137	420
Total Support Services	<u>73,561</u>	<u>47,585</u>	<u>121,146</u>	<u>118,638</u>	<u>2,508</u>
Total Expenditures	<u>723,944</u>	<u>121,055</u>	<u>844,999</u>	<u>832,397</u>	<u>12,602</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 51,919,076	(C-2)	\$ 832,397
<b>Differences - Budget to GAAP:</b>				
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.				
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2014/2015 State Aid)		850,379		
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)		(815,737)		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2015		-		6,682
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	\$ 51,953,718	(B-2)	\$ 839,079
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 51,691,598	(C-2)	\$ 832,397
<b>Differences - Budget to GAAP</b>				
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.				
Encumbrances, June 30, 2015		-		6,682
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	\$ 51,691,598	(B-2)	\$ 839,079

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07976 %	0.07794 %	0.08023 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,904,859	\$ 14,593,337	\$ 15,334,443
District's Covered-Employee Payroll	\$ 5,199,311	\$ 5,356,899	\$ 5,440,927
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	344.37 %	272.42 %	281.84 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93 %	52.08 %	48.72 %

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 685,735	\$ 642,768	\$ 604,552
Contributions in Relation to the Contractually Required Contribution	<u>685,735</u>	<u>642,768</u>	<u>604,552</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$5,199,311	\$ 5,356,899	\$ 5,440,927
Contributions as a Percentage of Covered-Employee Payroll	13.19 %	12.00 %	11.11 %

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
Total	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
District's Covered-Employee Payroll	\$ 19,441,773	\$ 18,937,698	\$ 18,727,508
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71 %	33.64 %	33.76 %

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contributions are presented in Note 4.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>IDEA, Part B Basic</u>	<u>IDEA, Part B Preschool</u>	<u>Total Exhibit E-2A</u>	<u>Total 2016</u>
<b>REVENUES</b>								
Local							\$ 700	\$ 700
Intergovernmental							6,069	6,069
State							-	825,628
Federal	\$ 78,127	\$ 102,857	\$ 22,023	\$ 6,897	\$ 583,803	\$ 31,921	-	825,628
<b>Total Revenues</b>	<b>\$ 78,127</b>	<b>\$ 102,857</b>	<b>\$ 22,023</b>	<b>\$ 6,897</b>	<b>\$ 583,803</b>	<b>\$ 31,921</b>	<b>\$ 6,769</b>	<b>\$ 832,397</b>
<b>EXPENDITURES</b>								
<b>Instruction</b>								
Salaries of Teachers	\$ 35,183	\$ 60,021	\$ 9,696					\$ 104,900
Purchased Professional & Technical Svcs.			2,630				\$ 2,499	5,129
Tuition					\$ 574,259		-	574,259
Textbooks							571	571
General Supplies	19,327	-	7,052	\$ 1,111	-	-	1,410	28,900
<b>Total Instruction</b>	<b>54,510</b>	<b>60,021</b>	<b>19,378</b>	<b>1,111</b>	<b>574,259</b>	<b>-</b>	<b>4,480</b>	<b>713,759</b>
<b>Support Services</b>								
Salaries of Other Professional Staff	14,696	840				\$ 29,653	-	45,189
Personal Services - Employee Benefits	3,816	15,034	742			2,268		21,860
Purchased Professional/ Educational Svcs.	2,600	26,962			9,544		2,289	41,395
Other Purchased Services			1,057				-	1,057
General Supplies	2,505	-	846	5,786	-	-	-	9,137
<b>Total Support Services</b>	<b>23,617</b>	<b>42,836</b>	<b>2,645</b>	<b>5,786</b>	<b>9,544</b>	<b>31,921</b>	<b>2,289</b>	<b>118,638</b>
<b>Total Expenditures</b>	<b>\$ 78,127</b>	<b>\$ 102,857</b>	<b>\$ 22,023</b>	<b>\$ 6,897</b>	<b>\$ 583,803</b>	<b>\$ 31,921</b>	<b>\$ 6,769</b>	<b>\$ 832,397</b>

Continued

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic Security Aid	Nonpublic Technology Aid	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Local MSU	Chpt 193 Examination	Chpt 193 Supplemental Instruction	Total Exhibit E-2A
REVENUES								
Local					\$ 700			\$ 700
Intergovernmental								
State	\$ 272	\$ 438	\$ 571	\$ 2,289		\$ 1,534	\$ 965	6,069
Federal	-	-	-	-			-	-
Total Revenues	\$ 272	\$ 438	\$ 571	\$ 2,289	\$ -	\$ 1,534	\$ 965	\$ 6,769
EXPENDITURES								
Instruction								
Salaries of Teachers								
Purchased Professional & Educational Svcs.						1,534	\$ 965	\$ 2,499
Tuition			\$ 571					-
Textbooks								571
General Supplies	\$ 272	\$ 438	-	-	\$ 700	\$ -	-	1,410
Total Instruction	272	438	571	-	700	1,534	965	4,480
Support Services								
Salaries of Other Professional Staff								
Personal Services- Employee Benefits								
Purchased Professional/Educational Svcs.				\$ 2,289				2,289
Purchased Professional & Technical Svc.								-
Other Purchased Service								-
Supplies and Materials	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	2,289	-	-	-	2,289
Total Expenditures	\$ 272	\$ 438	\$ 571	\$ 2,289	\$ 700	\$ 1,534	\$ 965	\$ 6,769



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Year</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2016</u>
Dennis O'Brien Elementary School - Roof and Electrical Upgrades	\$ 375,000	\$ 369,850		\$ (5,150)	
Dennis O'Brien Elementary School - Boiler Project	400,000	289,225		(110,775)	
Catherine Dwyer Elementary School - Elevator	581,714	9,100	\$ 455,614		\$ 117,000
Birchwood Elementary School - Windows	712,271	66,184	646,087		-
Birchwood Elementary School - HVAC	828,000	17,525	667,518		142,957
Catherine Dwyer Elementary School - Pipe Insulation/ Ceiling Replacement/ Lighting	588,750	34,000	542,938	-	11,812
Catherine Dwyer/Katherine D. Malone Schools - Boiler Upgrade			162,519		(162,519)
Catherine Dwyer Elementary School - HVAC	-		154,450		(154,450)
Katherine D. Malone Elementary School - Gym Roof	-	-	12,350	-	(12,350)
Totals	<u>\$ 3,485,735</u>	<u>\$ 785,884</u>	<u>\$ 2,641,476</u>	<u>\$ (115,925)</u>	<u>\$ (57,550)</u>
Project Balance					<u>\$ (57,550)</u>
Fund Balance - GAAP Basis					<u>\$ (57,550)</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Capital Projects:					
Year End Encumbrances					\$ 1,020,888
Available for Capital Projects					<u>(1,078,438)</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ (57,550)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Revenues and Other Financing Sources</b>	
Transfer from Capital Reserve	\$ 1,444,660
	<u>1,444,660</u>
Total Revenues	<u>1,444,660</u>
<b>Expenditures and Other Financing Uses</b>	
Architect/Engineer Services	161,200
Construction Services	2,480,276
Other Financing Uses - Transfer to Capital Reserve	69,555
Cancelled SDA Grant Receivables	<u>46,370</u>
Total Expenditures and Other Financing Uses	<u>2,757,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,312,741)
Fund Balance - Beginning of Year	<u>1,255,191</u>
Fund Balance - End of Year	<u>\$ (57,550)</u>
<b><u>Reconciliation to Governmental Fund Statements (GAAP)</u></b>	
Fund Balance - End of Year - Budgetary Basis	<u>\$ (57,550)</u>
Fund Balance - End of Year - GAAP	<u>\$ (57,550)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
DENNIS O'BRIEN ELEMENTARY - ROOF and ELECTRICAL UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 150,000	-	\$ (2,060)	\$ 147,940	\$ 147,940
Transfer from Capital Reserve	<u>225,000</u>	<u>-</u>	<u>(3,090)</u>	<u>221,910</u>	<u>221,910</u>
Total Revenues	<u>375,000</u>	<u>-</u>	<u>(5,150)</u>	<u>369,850</u>	<u>369,850</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	45,000	-	-	45,000	45,000
Construction Services	<u>324,850</u>	<u>-</u>	<u>-</u>	<u>324,850</u>	<u>324,850</u>
Total Expenditures	<u>369,850</u>	<u>-</u>	<u>-</u>	<u>369,850</u>	<u>369,850</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 5,150</u>	<u>\$ -</u>	<u>\$ (5,150)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #4490-025-13-2001-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 375,000
Reduced Authorized Cost	\$ (5,150)
Revised Authorized Cost	\$ 369,850
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	April 2015
Revised Target Completion Date	April 2015

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
DENNIS O'BRIEN ELEMENTARY - BOILER PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 160,000		\$ (44,310)	\$ 115,690	\$ 115,690
Transfer from Capital Reserve	240,000	-	(66,465)	173,535	173,535
	<u>400,000</u>	<u>-</u>	<u>(110,775)</u>	<u>289,225</u>	<u>289,225</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	26,000			26,000	26,000
Construction Services	263,225	-	-	263,225	263,225
	<u>289,225</u>	<u>-</u>	<u>-</u>	<u>289,225</u>	<u>289,225</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 110,775</u>	<u>\$ -</u>	<u>\$ (110,775)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #4490-025-14-1006-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 400,000
Reduced Authorized Cost	\$ (110,775)
Revised Authorized Cost	\$ 289,225
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	March 2015
Revised Target Completion Date	March 2015

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
CATHERINE DWYER ELEMENTARY SCHOOL - ELEVATOR  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 78,000		\$ 78,000	\$ 78,000
Transfer from Capital Reserve	<u>390,907</u>	<u>\$ 112,807</u>	<u>503,714</u>	<u>503,714</u>
Total Revenues	<u>468,907</u>	<u>112,807</u>	<u>581,714</u>	<u>581,714</u>
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	9,100	10,450	19,550	19,550
Construction Services	<u>-</u>	<u>445,164</u>	<u>445,164</u>	<u>562,164</u>
Total Expenditures	<u>9,100</u>	<u>455,614</u>	<u>464,714</u>	<u>581,714</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 459,807</u>	<u>\$ (342,807)</u>	<u>\$ 117,000</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #4490-019-14-1004-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 195,000
Increased Authorized Cost	\$ 386,714
Revised Authorized Cost	\$ 581,714
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2015
Revised Target Completion Date	October 2015

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
BIRCHWOOD ELEMENTARY SCHOOL - WINDOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 270,600		\$ 270,600	\$ 270,600
Transfer from Capital Reserve	<u>405,900</u>	<u>\$ 35,771</u>	<u>441,671</u>	<u>441,671</u>
 Total Revenues	 <u>676,500</u>	 <u>35,771</u>	 <u>712,271</u>	 <u>712,271</u>
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	35,500	10,200	45,700	45,700
Construction Services	<u>30,684</u>	<u>635,887</u>	<u>666,571</u>	<u>666,571</u>
 Total Expenditures	 <u>66,184</u>	 <u>646,087</u>	 <u>712,271</u>	 <u>712,271</u>
 Excess (Deficiency) or Revenues Over (Under) Expenditures	 <u>\$ 610,316</u>	 <u>\$ (610,316)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #4490-019-14-1004-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 676,500
Increased Authorized Cost	\$ 35,771
Revised Authorized Cost	\$ 712,271
 Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
BIRCHWOOD ELEMENTARY SCHOOL - HVAC  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 48,816	\$ 779,184	\$ 828,000	\$ 828,000
Total Revenues	<u>48,816</u>	<u>779,184</u>	<u>828,000</u>	<u>828,000</u>
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	17,525	48,175	65,700	69,000
Construction Services	<u>-</u>	<u>619,343</u>	<u>619,343</u>	<u>759,000</u>
Total Expenditures	<u>17,525</u>	<u>667,518</u>	<u>685,043</u>	<u>828,000</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 31,291</u>	<u>\$ 111,666</u>	<u>\$ 142,957</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 828,000
Reduced Authorized Cost	
Revised Authorized Cost	\$ 828,000

Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2016

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
CATHERINE DWYER ELEMENTARY SCHOOL-PIPE INSULATION/CEILING REPLACEMENT/LIGHTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 71,852	\$ 516,898	\$ 588,750	\$ 588,750
Total Revenues	<u>71,852</u>	<u>516,898</u>	<u>588,750</u>	<u>588,750</u>
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	34,000	13,000	47,000	47,000
Construction Services	-	529,938	529,938	541,750
Total Expenditures	<u>34,000</u>	<u>542,938</u>	<u>576,938</u>	<u>588,750</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 37,852</u>	<u>\$ (26,040)</u>	<u>\$ 11,812</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 588,750			
Reduced Authorized Cost				
Revised Authorized Cost	\$ 588,750			
Percentage Decrease Over Original Authorized Cost				
Percentage Completion	80%			
Original Target Completion Date	October 2016			
Revised Target Completion Date	October 2016			

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
CATHERINE DWYER/KATHERINE MALONE  
ELEMENTARY SCHOOL-BOILER REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	-	-	-	\$ 922,500
Total Revenues	-	-	-	922,500
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	-	\$ 44,625	\$ 44,625	71,250
Construction Services	-	117,894	117,894	851,250
Total Expenditures	-	162,519	162,519	922,500
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ (162,519)	\$ (162,519)	\$ -
<b>Additional Project Information:</b>				
Project Number	N/A			
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$	922,500		
Reduced Authorized Cost				
Revised Authorized Cost	\$	922,500		
Percentage Decrease Over Original Authorized Cost				
Percentage Completion	18%			
Original Target Completion Date	October 2016			
Revised Target Completion Date	October 2016			

Note: The project is funded in the 2016/2017 budget with the use of capital reserve funds.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
CATHERINE DWYER ELEMENTARY SCHOOL-HVAC UPGRADE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	-	-	-	\$ 562,625
Total Revenues	-	-	-	562,625
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	-	\$ 22,400	\$ 22,400	62,625
Construction Services	-	132,050	132,050	500,000
Total Expenditures	-	154,450	154,450	562,625
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ (154,450)	\$ (154,450)	\$ -

**Additional Project Information:**

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 562,625
Reduced Authorized Cost	
Revised Authorized Cost	\$ 562,625
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	28%
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2016

Note: The project is funded in the 2016/2017 budget with the use of capital reserve funds.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
KATHERINE D. MALONE ELEMENTARY SCHOOL - GYM ROOF PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	-	-	-	\$ 167,950
Total Revenues	-	-	-	167,950
<b>Expenditures and Other Financing Uses</b>				
Architect Engineer	-	\$ 12,350	\$ 12,350	16,250
Construction Services	-	-	-	151,700
Total Expenditures	-	12,350	12,350	167,950
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ (12,350)	\$ (12,350)	\$ -

**Additional Project Information:**

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 167,950
Reduced Authorized Cost	
Revised Authorized Cost	\$ 167,950
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2016

Note: The project is funded in the 2016/2017 budget with the use of capital reserve funds.

**PROPRIETARY FUNDS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS - NON-MAJOR  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 48,906	\$ 5,641	\$ 54,547
Prepaid Expense	<u>441</u>	<u>-</u>	<u>441</u>
Total Assets	<u>49,347</u>	<u>5,641</u>	<u>54,988</u>
<b>LIABILITIES</b>			
Unearned Revenue	<u>47,674</u>	<u>-</u>	<u>47,674</u>
Total Liabilities	<u>47,674</u>	<u>-</u>	<u>47,674</u>
<b>NET POSITION</b>			
Unrestricted	<u>1,673</u>	<u>5,641</u>	<u>7,314</u>
Total Net Position	<u>\$ 1,673</u>	<u>\$ 5,641</u>	<u>\$ 7,314</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND - NON-MAJOR  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
<b>OPERATING REVENUES</b>			
Local Sources			
Program Fees	\$ 45,784	\$ 66,057	\$ 111,841
Total Operating Revenues	<u>45,784</u>	<u>66,057</u>	<u>111,841</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	46,478	61,771	108,249
Transportation	2,250	195	2,445
Supplies and Materials	<u>2,844</u>	<u>1,085</u>	<u>3,929</u>
Total Operating Expenses	<u>51,572</u>	<u>63,051</u>	<u>114,623</u>
Operating Income/(Loss)	<u>(5,788)</u>	<u>3,006</u>	<u>(2,782)</u>
<b>NON OPERATING REVENUES</b>			
Interest Income	<u>9</u>	<u>-</u>	<u>9</u>
Total Non Operating Revenues	<u>9</u>	<u>-</u>	<u>9</u>
Change in Net Position	(5,779)	3,006	(2,773)
Total Net Position, Beginning of Year	<u>7,452</u>	<u>2,635</u>	<u>10,087</u>
Total Net Position, End of Year	<u>\$ 1,673</u>	<u>\$ 5,641</u>	<u>\$ 7,314</u>



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND - NON-MAJOR  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 47,343	\$ 66,057	\$ 113,400
Cash Payments for Employees			
Salaries & Benefits	(46,478)	(61,771)	(108,249)
Cash Payments to Suppliers for Goods and Services	<u>(4,623)</u>	<u>(1,280)</u>	<u>(5,903)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(3,758)</u>	<u>3,006</u>	<u>(752)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Interest Income	<u>9</u>	<u>-</u>	<u>9</u>
Net Cash Provided by Investing Activities	<u>9</u>	<u>-</u>	<u>9</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,749)	3,006	(743)
Cash and Cash Equivalents, Beginning of Year	<u>52,655</u>	<u>2,635</u>	<u>55,290</u>
Cash and Cash Equivalents, End of Year	<u>\$ 48,906</u>	<u>\$ 5,641</u>	<u>\$ 54,547</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income/(Loss)	\$ (5,788)	\$ 3,006	\$ (2,782)
Adjustments to Reconcile Operating Change in Assets and Liabilities			
(Increase)/Decrease in Prepaid Sales	471		471
Increase/(Decrease) in Unearned Revenue	<u>1,559</u>	<u>-</u>	<u>1,559</u>
Total Adjustments	<u>2,030</u>	<u>-</u>	<u>2,030</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (3,758)</u>	<u>\$ 3,006</u>	<u>\$ (752)</u>

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds 2016</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 148,162	\$ 221,012	\$ 369,174
Total Assets	<u>\$ 148,162</u>	<u>\$ 221,012</u>	<u>\$ 369,174</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 208,820	\$ 208,820
Accrued Salaries and Wages		376	376
Flex Spending Deposits		11,816	11,816
Due to Family Outreach	\$ 327		327
Due to Student Groups	<u>147,835</u>	<u>-</u>	<u>147,835</u>
Total Liabilities	<u>\$ 148,162</u>	<u>\$ 221,012</u>	<u>\$ 369,174</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Elementary and Middle Schools				
Birchwood	\$ 5,431	\$ 1,602	\$ 1,652	\$ 5,381
Copeland Middle School	88,531	200,554	198,724	90,361
C.A. Dwyer	20,889	5,607	3,822	22,674
K.D. Malone	1,557	4,198	1,594	4,161
Dennis B. O'Brien	3,613	3,782	1,570	5,825
Stony Brook	<u>16,265</u>	<u>5,794</u>	<u>2,626</u>	<u>19,433</u>
Sub-Total All Schools	136,286	221,537	209,988	147,835
Family Outreach Program	<u>392</u>	<u>-</u>	<u>65</u>	<u>327</u>
Total Student Activities	<u>\$ 136,678</u>	<u>\$ 221,537</u>	<u>\$ 210,053</u>	<u>\$ 148,162</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Payroll Deductions and Withholdings	\$ 201,844	\$ 16,016,730	\$ 16,009,754	\$ 208,820
Accrued Salaries and Wages		17,698,270	17,698,270	
Summer Savings Deposits	492	885,406	885,522	376
Flex Spending Deposits	<u>7,922</u>	<u>40,337</u>	<u>36,443</u>	<u>11,816</u>
Total	<u>\$ 210,258</u>	<u>\$ 34,640,743</u>	<u>\$ 34,629,989</u>	<u>\$ 221,012</u>

**LONG-TERM DEBT**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	05/01/05	\$ 8,165,000				\$ 5,005,000		\$ 5,005,000	
Refunding School Bonds	6/15/2016	\$ 4,395,000	9/1/2016	\$ 445,000	2.000 %				
			9/1/2017	410,000	2.000				
			9/1/2018	420,000	3.000				
			9/1/2019	430,000	3.000				
			9/1/2020	500,000	3.000				
			9/1/2021	515,000	4.000				
			9/1/2022	535,000	4.000				
			9/1/2023	560,000	4.000				
			9/1/2024	580,000	4.000				
						-	\$ 4,395,000	-	\$ 4,395,000
						<u>\$ 5,005,000</u>	<u>\$ 4,395,000</u>	<u>\$ 5,005,000</u>	<u>\$ 4,395,000</u>

Paid By Budget Appropriation	\$ 365,000
Paid by Refunding Bond Proceeds	<u>4,640,000</u>
	<u>\$ 5,005,000</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

66	<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>
	2011 Ford F450 Pickup Truck	2.75%	\$ 55,998	\$ 11,749		\$ 11,749	
	Solar Panels	2.75%	2,833,665	589,768		589,768	
	2012 Purchase of 3 Passenger Buses	2.75%	373,127	72,608		72,608	
	Sierra Pickup Truck	2.75%	32,328	6,692		6,692	
	2013 Bus Leases	2.75%	379,416	153,740		75,827	\$ 77,913
	2014 Bus Leases	2.10%	418,682	251,136		81,978	169,158
	2015 Bus Leases	2.10%	542,628	429,545		104,062	325,483
	2016 Bus Leases	2.10%	546,936		\$ 546,936	113,980	432,956
	2016 Xerox	0.00%	535,777		535,777	71,464	464,313
	2016 Copier Maintenance	0.00%	218,940	-	218,940	29,192	189,748
				<u>\$ 1,515,238</u>	<u>\$ 1,301,653</u>	<u>\$ 1,157,320</u>	<u>\$ 1,659,571</u>



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 425,275		\$ 425,275	\$ 425,275	
State Sources					
Debt Service State Aid Support	<u>138,206</u>	<u>-</u>	<u>138,206</u>	<u>138,206</u>	<u>-</u>
Total Revenues	<u>563,481</u>	<u>-</u>	<u>563,481</u>	<u>563,481</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	365,000		365,000	365,000	
Interest	198,481		198,481	198,481	
Cost of Issuance				96,602	(96,602)
Advance Refunding Escrow	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,642</u>	<u>\$ (72,642)</u>
Total Expenditures	<u>563,481</u>	<u>-</u>	<u>563,481</u>	<u>732,725</u>	<u>(169,244)</u>
Excess /(Deficit) of Revenue and Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,244)</u>	<u>169,244</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bond Proceeds				4,395,000	(4,395,000)
Premium on Refunding Bonds				414,244	(414,244)
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,640,000)</u>	<u>4,640,000</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,244</u>	<u>(169,244)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>
				<u>\$ 3</u>	
Debt Service - Restricted				<u>\$ 3</u>	

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016
<b>Governmental Activities</b>										
Investment in Capital Assets	\$ 9,860,277	\$ 10,669,833	\$ 11,476,650	\$ 11,884,590	\$ 11,737,679	\$ 12,834,344	\$ 13,981,031	\$ 14,482,456	\$ 15,244,110	\$ 18,497,801
Restricted	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971
Unrestricted	1,023,079	(942,080)	(216,947)	(1,223,333)	(210,358)	128,593	11,903	(14,086,870)	(13,744,513)	(13,863,773)
<b>Total Governmental Activities Net Position</b>	<u>\$ 14,826,068</u>	<u>\$ 14,999,336</u>	<u>\$ 14,208,579</u>	<u>\$ 12,613,490</u>	<u>\$ 13,367,932</u>	<u>\$ 16,961,928</u>	<u>\$ 20,491,632</u>	<u>\$ 6,859,107</u>	<u>\$ 8,453,259</u>	<u>\$ 10,739,999</u>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 81,673	\$ 72,517	\$ 91,178	\$ 80,412	\$ 70,784	\$ 168,857	\$ 167,865	\$ 159,690	\$ 113,012	\$ 88,777
Unrestricted	96,189	96,892	59,881	121,401	188,357	145,174	154,782	201,363	254,490	278,159
<b>Total Business-Type Activities Net Position</b>	<u>\$ 177,862</u>	<u>\$ 169,409</u>	<u>\$ 151,059</u>	<u>\$ 201,813</u>	<u>\$ 259,141</u>	<u>\$ 314,031</u>	<u>\$ 322,647</u>	<u>\$ 361,053</u>	<u>\$ 367,502</u>	<u>\$ 366,936</u>
<b>District-Wide</b>										
Investment in Capital Assets	\$ 9,941,950	\$ 10,742,350	\$ 11,567,828	\$ 11,965,002	\$ 11,808,463	\$ 13,003,201	\$ 14,148,896	\$ 14,642,146	\$ 15,357,122	\$ 18,586,578
Restricted	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971
Unrestricted	1,119,268	(845,188)	(157,066)	(1,101,932)	(22,001)	273,767	166,685	(13,885,507)	(13,490,023)	(13,585,614)
<b>Total District Net Position</b>	<u>\$ 15,003,930</u>	<u>\$ 15,168,745</u>	<u>\$ 14,359,638</u>	<u>\$ 12,815,303</u>	<u>\$ 13,627,073</u>	<u>\$ 17,275,959</u>	<u>\$ 20,814,279</u>	<u>\$ 7,220,160</u>	<u>\$ 8,820,761</u>	<u>\$ 11,106,935</u>

Source: District's Financial Records

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and for corrections of the capital assets.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 17,192,669	\$ 18,780,009	\$ 17,499,352	\$ 18,153,736	\$ 15,953,861	\$ 15,706,828	\$ 15,507,225	\$ 16,548,211	\$ 19,361,831	\$ 21,316,919
Special Education	7,550,650	7,749,465	7,728,645	7,580,303	7,509,447	7,304,807	7,567,684	8,718,761	9,978,559	10,011,955
Other Special Education	553,589	648,178	911,348	974,195	1,529,569	796,421	1,026,511	1,031,408	1,404,875	1,429,835
Other Instruction	259,030	267,922	404,031	291,245	166,522	42,632	54,948	62,639	49,756	56,636
<b>Support Services:</b>										
Tuition	631,302	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261			
Student & Instruction related services	7,018,981	7,131,569	6,946,562	6,862,779	6,776,667	6,825,097	8,422,006	8,672,303	10,542,966	11,314,387
General Administration Services	981,167	1,193,729	1,044,082	1,008,390	777,294	1,073,342	992,814	953,174	926,012	1,569,870
School Administration Services	1,963,080	2,072,348	2,526,116	2,712,353	2,621,277	2,463,890	2,585,976	2,613,408	2,653,402	2,774,543
Administrative Information Technology	558,486	709,711	649,732	734,522	682,089	563,795	600,772	711,255	811,630	834,893
Central Services	650,014	701,698	679,380	690,917	765,825	742,618	647,484	704,301	749,794	754,374
Plant Operations and Maintenance	4,447,310	4,835,624	4,813,407	4,794,236	4,674,207	4,369,599	4,254,749	4,874,723	4,573,632	4,484,489
Pupil Transportation	3,092,908	3,314,695	3,010,754	3,126,101	2,933,411	3,056,000	2,951,734	3,238,690	3,156,987	2,549,796
Capital Outlay	7,232	109,257	51,639	272,212	75,657	1,333	1,830			
Special Schools	101,641	114,822	160,493	44,501						
Interest on Long-term Debt	212,193	323,182	310,670	297,501	284,346	271,222	256,702	305,575	262,028	188,673
Unallocated Depreciation	285,762	596,355	556,943	654,880	654,880	623,534	655,345	-	-	-
<b>Total governmental activities expenses</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>47,100,041</b>	<b>48,434,448</b>	<b>54,471,472</b>	<b>57,286,370</b>
<b>Business-type activities:</b>										
Proprietary Funds	833,703	885,928	875,247	814,667	772,656	804,046	751,708	720,211	784,622	852,381
<b>Total business-type activities expense</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>	<b>720,211</b>	<b>784,622</b>	<b>852,381</b>
<b>Total district expenses</b>	<b>\$ 46,339,717</b>	<b>\$ 50,026,842</b>	<b>\$ 48,930,879</b>	<b>\$ 50,497,455</b>	<b>\$ 47,322,691</b>	<b>\$ 45,938,154</b>	<b>\$ 47,851,749</b>	<b>\$ 49,154,659</b>	<b>\$ 55,256,094</b>	<b>\$ 58,138,751</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Instruction (tuition)	\$ 217,969	\$ 163,952	\$ 202,225	\$ 86,567	\$ 56,630	\$ 13,719	\$ 20,323	\$ 136,697	\$ 283,766	\$ 247,926
Pupil Transportation	10,931	22,277	3,895	4,479	1,768	1,093	6,617	7,436	8,938	19,957
Operating grants and contributions	8,137,208	8,210,379	6,293,411	6,763,967	5,688,248	6,999,824	7,785,153	6,550,301	11,583,723	13,814,981
Operating grants and contributions	-	-	-	-	-	-	-	320,426	139,166	318,487
<b>Total governmental activities program revenues</b>	<b>8,366,108</b>	<b>8,396,608</b>	<b>6,499,531</b>	<b>6,855,013</b>	<b>5,746,646</b>	<b>7,014,636</b>	<b>7,812,093</b>	<b>7,014,860</b>	<b>12,015,593</b>	<b>14,401,351</b>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Operating grants and contributions	\$ 703,962	\$ 720,060	\$ 694,049	\$ 675,403	\$ 644,680	\$ 639,838	\$ 548,724	\$ 533,003	\$ 576,520	\$ 620,070
Operating grants and contributions	141,516	157,135	162,450	189,857	185,111	218,978	211,564	225,416	214,343	231,450
<b>Total business type activities program revenues</b>	<b>845,478</b>	<b>877,195</b>	<b>856,499</b>	<b>865,260</b>	<b>829,791</b>	<b>858,816</b>	<b>760,288</b>	<b>758,419</b>	<b>790,863</b>	<b>851,520</b>
<b>Total district program revenues</b>	<b>\$ 9,211,586</b>	<b>\$ 9,273,803</b>	<b>\$ 7,356,030</b>	<b>\$ 7,720,273</b>	<b>\$ 6,576,437</b>	<b>\$ 7,873,452</b>	<b>\$ 8,572,381</b>	<b>\$ 7,773,279</b>	<b>\$ 12,806,456</b>	<b>\$ 15,252,871</b>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (37,139,906)	\$ (40,744,306)	\$ (41,556,101)	\$ (42,827,775)	\$ (40,803,389)	\$ (38,119,472)	\$ (39,287,948)	\$ (41,419,588)	\$ (42,455,879)	\$ (42,885,019)
Business-type activities	11,775	(8,733)	(18,748)	50,593	57,135	54,770	8,580	38,208	6,241	(861)
<b>Total district-wide net expense</b>	<u>\$ (37,128,131)</u>	<u>\$ (40,753,039)</u>	<u>\$ (41,574,849)</u>	<u>\$ (42,777,182)</u>	<u>\$ (40,746,254)</u>	<u>\$ (38,064,702)</u>	<u>\$ (39,279,368)</u>	<u>\$ (41,381,380)</u>	<u>\$ (42,449,638)</u>	<u>\$ (42,885,880)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied	\$ 36,816,712	\$ 38,968,817	\$ 38,308,060	\$ 38,637,775	\$ 40,194,736	\$ 40,547,065	\$ 40,625,927	\$ 41,032,186	\$ 41,819,183	\$ 42,655,566
Taxes Levied for Debt Service	513,346	472,978	484,344	471,605	486,551	476,644	462,334	451,164	436,296	425,275
Unrestricted State and Federal Aid	1,362,137	1,079,956	1,712,585	1,978,560	710,376	548,568	1,023,189	1,443,258	1,534,100	1,393,820
Unrestricted State Aid for Debt Service Principal										138,206
Miscellaneous income	532,261	395,823	260,355	144,746	166,168	141,191	299,499	181,862	245,334	544,113
Interest								13,036	15,118	14,779
Cancellation of Prior Year Accounts Payable							406,703			
<b>Total governmental activities</b>	<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>	<u>43,121,506</u>	<u>44,050,031</u>	<u>45,171,759</u>
Business-type activities:										
Investment earnings	295	280	398	161	193	120	36	198	208	295
<b>Total business-type activities</b>	<u>295</u>	<u>280</u>	<u>398</u>	<u>161</u>	<u>193</u>	<u>120</u>	<u>36</u>	<u>198</u>	<u>208</u>	<u>295</u>
<b>Total district-wide</b>	<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>	<u>\$ 43,121,704</u>	<u>\$ 44,050,239</u>	<u>\$ 45,172,054</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,084,550	\$ 173,268	\$ (790,757)	\$ (1,595,089)	\$ 754,442	\$ 3,593,996	\$ 3,529,704	\$ 1,701,918	\$ 1,594,152	\$ 2,286,740
Business-type activities	12,070	(8,453)	(18,350)	50,754	57,328	54,890	8,616	38,406	6,449	(566)
<b>Total district</b>	<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>\$ 3,538,320</u>	<u>\$ 1,740,324</u>	<u>\$ 1,600,601</u>	<u>\$ 2,286,174</u>

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,942,712	\$ 5,271,583	\$ 2,948,876	\$ 1,367,449						
Unreserved	1,444,866	1,027,156	1,332,258	897,900						
Restricted					\$ 1,431,236	\$ 3,998,990	\$ 6,498,696	\$ 7,756,121	\$ 8,228,241	\$ 8,082,566
Assigned					409,374	625,271	374,802	371,703	426,892	740,061
Unassigned					1,036,691	984,611	1,161,679	632,449	701,389	722,563
<b>Total general fund</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>\$ 8,035,177</u></b>	<b><u>\$ 8,760,273</u></b>	<b><u>\$ 9,356,522</u></b>	<b><u>\$ 9,545,190</u></b>
All Other Governmental Funds										
Unreserved	\$ 20,456	\$ 1	\$ 1	\$ 1						
Assigned										
Restricted					\$ 1	\$ 1	\$ 2	\$ 350,135	\$ 890,337	\$ (57,547)
<b>Total All Other Governmental Funds</b>	<b><u>\$ 20,456</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 350,135</u></b>	<b><u>\$ 890,337</u></b>	<b><u>\$ (57,547)</u></b>

Source: District's Financial Records

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 37,330,058	\$ 39,441,795	\$ 38,792,404	\$ 39,109,380	\$ 40,681,287	\$ 41,023,709	\$ 41,088,261	\$ 41,483,350	\$ 42,255,479	\$ 43,080,841
Tuition	217,969	163,952	202,225	86,567	56,630		20,323	136,697	283,766	247,926
Transportation Fees - Other LEAs	10,931	22,277	3,895	4,479	1,768	1,093	6,617			19,957
Interest Earned - Capital Reserve	32,776	28,235	28,337	4,238	2,349	3,824	6,910			14,779
Miscellaneous	504,495	371,588	232,018	140,508	163,819	151,086	306,739	211,234	278,078	544,813
State sources	8,051,958	8,172,495	7,161,176	6,822,610	5,219,073	6,365,013	7,143,746	7,285,607	7,771,691	8,551,420
Federal sources	1,442,387	1,113,840	844,820	1,919,917	1,179,551	1,183,379	1,650,446	1,019,478	1,100,862	1,215,029
<b>Total revenue</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>50,223,042</b>	<b>50,136,366</b>	<b>51,689,876</b>	<b>53,674,765</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	12,486,378	12,466,578	13,010,828	12,785,151	10,927,376	10,646,713	10,840,108	16,262,126	16,408,429	18,060,681
Special Education Instruction	5,230,467	5,305,687	5,794,144	5,260,078	4,957,083	4,832,609	5,036,368	8,549,832	8,673,915	8,495,107
Other Instruction	521,105	613,206	296,778	660,603	1,108,267	499,235	676,621	1,030,035	1,234,697	1,216,708
Other Special Instruction	259,030	267,922	630,204	215,817	32,172	29,208	37,211	62,639	49,756	56,636
Support Services:										
Tuition	631,302	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261			
Student & Inst. Related Services	4,906,232	5,033,204	5,465,364	5,446,417	5,056,039	5,234,638	5,674,523	8,499,295	9,150,415	9,713,965
General Administration Services	788,934	879,325	928,443	831,929	926,991	901,539	777,304	940,996	888,640	975,003
School Administration Services	1,688,750	1,799,503	1,907,596	2,045,203	1,796,086	1,731,068	1,827,098	2,593,748	2,382,139	2,456,579
Admin. Information Technology	496,158	648,005	567,333	641,054	566,549	487,830	518,436	711,255	789,960	818,296
Central Services	514,271	497,597	522,642	515,889	553,876	559,664	473,185	673,698	694,708	701,830
Plant Operations and Maintenance	3,688,311	4,112,790	4,256,124	4,195,682	3,979,077	3,793,897	3,652,809	4,746,539	4,454,309	4,405,955
Pupil Transportation	2,461,383	2,653,038	2,748,111	2,775,026	2,647,174	2,756,846	2,499,334	2,966,024	3,072,896	2,525,340
Allocated Benefits	7,373,808	7,285,497								
Unallocated Benefits	4,313,005	4,364,216	10,648,181	11,622,564	12,287,118	11,658,391	13,029,120			
Debt Service										
Principal	390,000	385,000	385,000	380,000	375,000	375,000	370,000	1,207,480	1,329,355	1,522,320
Interest and Other Charges	323,519	308,300	295,788	282,881	269,669	256,543	242,581	292,937	264,445	316,113
Capital outlay	741,085	1,648,701	1,445,700	1,196,330	3,123,423	1,345,817	1,353,896	943,215	1,702,389	4,567,703
Special Schools	101,641	114,822	128,022	34,986	-	-	-	-	-	-
<b>Total expenditures</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>49,479,819</b>	<b>51,096,053</b>	<b>55,832,236</b>
Excess (Deficiency) of revenues over (under) expenditures	675,195	338,441	(2,527,861)	(2,286,828)	(2,446,406)	2,326,116	1,640,187	656,547	593,823	(2,157,471)
<b>Other Financing sources (uses)</b>										
Transfer to Food Service Fund										
Transfers In								582,000	800,475	1,514,215
Transfers Out								(582,000)	(800,475)	(1,514,215)
Prior Year Accounts Payable Cancelled							406,703			
Capital Leases (Non-Budget)	576,500	552,265	510,256	271,043	3,058,358	405,455	379,416	418,682	542,628	1,301,653
Payment to Escrow Agent										(4,712,642)
Premium on Refunding Bonds										414,244
Serial Bonds Debt Issued										4,395,000
<b>Total other financing sources (uses)</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>	<b>418,682</b>	<b>542,628</b>	<b>1,398,255</b>
<b>Net change in fund balances</b>	<b>\$ 1,251,695</b>	<b>\$ 890,706</b>	<b>\$ (2,017,605)</b>	<b>\$ (2,015,785)</b>	<b>\$ 611,952</b>	<b>\$ 2,731,571</b>	<b>\$ 2,426,306</b>	<b>\$ 1,075,229</b>	<b>\$ 1,136,451</b>	<b>\$ (759,216)</b>
Debt service as a percentage of noncapital expenditures	1.55%	1.47%	1.41%	1.35%	1.38%	1.40%	1.30%	3.09%	3.23%	3.59%

\* Noncapital expenditures are total expenditures less capital outlay.  
Source: District Financial Records

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Transportation Fees</u>	<u>Rentals - Use of Facilities</u>	<u>Sale of SREC</u>	<u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2007	\$217,969	\$ 412,908	\$ 10,931				\$ 119,353	\$ 761,161
2008	163,952	299,691	22,277	\$ 514			95,618	582,052
2009	202,225	133,858	3,895				126,497	466,475
2010	86,567	40,487	4,479	3,325			100,934	235,792
2011	56,630	15,012	1,768				151,156	224,566
2012	13,719	12,853	10,076	1,093			118,262	156,003
2013	20,323	15,755	6,617	11,219			272,525	326,439
2014	136,697	13,036	7,436	6,277			175,585	339,031
2015	283,766	15,118	8,938	5,405	\$ 153,715		86,216	553,158
2016	247,926	20,846	19,957	7,151	259,679	\$ 168,583	102,633	826,775

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Source: District records (GAAP Basis)



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Tax-Exempt Property	Total Direct School Tax Rate <sup>a</sup>
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	\$ 4,429,660,672	\$ 936,722,300	\$ 1.31
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	4,591,732,572	937,428,400	1.35
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	4,589,387,613	944,482,600	1.35
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	4,773,710,605	945,762,000	1.38
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	4,229,138,313	945,641,300	1.44
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	4,201,426,235	405,150,100	1.14
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000		3,601,392,000	3,935,116,405	407,837,100	1.15
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800		3,568,973,800	3,801,875,651	408,552,300	1.17
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000		3,555,715,000	3,829,398,626	409,409,900	1.20
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100		3,579,254,100	3,579,254,100	409,692,400	1.22

Source: County Abstract of Ratables

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<sup>a</sup> Tax rates are per \$100

Note: The Borough underwent a revaluation of property effective January 1, 2005.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>Regional School District</u>	<u>County (2)</u>
2007	\$ 3.150	\$ 1.310	\$ 0.720	\$ 0.760	\$ 0.360
2008	3.280	1.350	0.780	0.790	0.360
2009	3.330	1.350	0.820	0.810	0.350
2010	3.480	1.380	0.860	0.860	0.380
2011	3.580	1.440	0.900	0.890	0.350
2012	2.870	1.140	0.760	0.690	0.280
2013	2.912	1.147	0.796	0.698	0.271
2014	3.003	1.174	0.839	0.718	0.272
2015	3.060	1.200	0.857	0.734	0.269
2016	3.082	1.216	0.864	0.720	0.282

(1) Includes Open Space Tax and Library

(2) Includes County Open Space Tax

Note: The Borough underwent a revaluation of property effective January 1, 2012.

Source: Tax Duplicate, Borough of Rockaway

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

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates/Corporate Property Investors, Inc.	\$ 170,041,500	4.75%
Tilcon	59,342,200	1.66%
Rockaway Town Plaza c/o Simon	53,255,800	1.49%
Marvin F. Poer and Company	30,121,400	0.84%
MarketPlace at Rockaway, LLC	29,073,500	0.81%
Rockaway 2014 LLC	26,971,100	0.75%
Macy's East Inc.	25,346,900	0.71%
Dover UE, LLC	25,316,800	0.71%
Rustic Ridge, Inc.	24,800,000	0.69%
Highlands at Morris	19,228,200	0.54%
Realty Income Corp.		
	\$ 463,497,400	12.95%

2007	
Taxable Assessed Value	% of Total District Net Assessed Value
\$ 174,560,200	6.01%
36,804,000	1.27%
21,851,700	0.75%
20,917,100	0.72%
20,722,300	0.71%
20,424,100	0.70%
18,394,400	0.63%
17,876,100	0.62%
17,818,700	0.61%
15,635,600	0.54%
\$ 365,004,200	12.56%

Source: Municipal Tax Assessor

**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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 37,330,058	\$ 37,330,058	100.00%	-
2008	79,441,795	79,441,795	100.00%	-
2009	38,792,404	38,792,404	100.00%	-
2010	39,109,380	39,109,380	100.00%	-
2011	40,681,287	40,681,287	100.00%	-
2012	41,023,709	41,023,709	100.00%	-
2013	41,088,261	41,088,261	100.00%	-
2014	41,483,350	41,483,350	100.00%	-
2015	42,255,478	42,255,478	100.00%	-
2016	43,080,841	43,080,841	100.00%	-

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2007	\$ 8,010,000	\$ 712,218	\$ 8,722,218	25,267	\$ 345
2008	7,625,000	955,133	8,580,133	25,312	339
2009	7,240,000	1,074,765	8,314,765	25,438	327
2010	6,860,000	945,604	7,805,604	24,176	323
2011	6,485,000	3,479,570	9,964,570	24,290	410
2012	6,110,000	2,822,980	8,932,980	24,378	366
2013	5,740,000	2,355,765	8,095,765	24,493	331
2014	5,370,000	1,936,966	7,306,966	24,441	299
2015	5,005,000	1,515,238	6,520,238	24,679	264
2016	4,395,000	1,659,571	6,054,571	24,679 *	245

Source: District records

\*= Estimated

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2007	\$ 8,010,000		\$ 8,010,000	0.28%	\$ 113
2008	7,625,000		7,625,000	0.26%	301
2009	7,240,000		7,240,000	0.25%	285
2010	6,860,000		6,860,000	0.24%	284
2011	6,485,000		6,485,000	0.23%	267
2012	6,110,000		6,110,000	0.17%	251
2013	5,740,000		5,740,000	0.16%	235
2014	5,370,000		5,370,000	0.15%	299
2015	5,005,000		5,005,000	0.14%	264
2016	4,395,000		4,395,000	0.12%	245

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2015  
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
Rockaway School District Direct Debt (June 30, 2015)	\$ 4,395,000
Morris Hills Regional School District	11,926,656
Township of Rockaway	<u>26,710,891</u>
 Total Direct Debt	 43,032,547
 Overlapping Debt Apportioned to the Municipality:	
Morris County General Obligation Debt	<u>9,646,056</u>
 Total Direct and Overlapping Debt	 <u>\$ 52,678,603</u>

- (A) The debt for this entity was apportioned to the Borough of Rockaway by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Morris County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

## Sources:

- (a) Borough of Rockaway 2015 Annual Debt Statement

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized valuation basis
	2015 \$ 3,811,464,251
	2014 3,833,484,211
	2013 <u>3,825,570,427</u>
	<u>\$ 11,470,518,889</u>
Average equalized valuation of taxable property	\$ 3,823,506,296
Debt limit (4 % of average equalization value)	114,705,189 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>4,395,000</u>
Legal debt margin	<u>\$ 110,310,189</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 120,676,464	\$ 130,726,040	\$ 135,009,909	\$ 138,280,731	\$ 136,545,257	\$ 132,469,970	\$ 123,977,655	\$ 119,286,503	\$ 115,829,425	\$ 114,705,189
Total net debt applicable to limit	<u>8,010,000</u>	<u>7,625,000</u>	<u>7,240,000</u>	<u>6,860,000</u>	<u>6,485,000</u>	<u>6,110,000</u>	<u>5,740,000</u>	<u>5,370,000</u>	<u>5,005,000</u>	<u>4,395,000</u>
Legal debt margin	<u>\$ 112,666,464</u>	<u>\$ 123,101,040</u>	<u>\$ 127,769,909</u>	<u>\$ 131,420,731</u>	<u>\$ 130,060,257</u>	<u>\$ 126,359,970</u>	<u>\$ 118,237,655</u>	<u>\$ 113,916,503</u>	<u>\$ 110,824,425</u>	<u>\$ 110,310,189</u>
Total net debt applicable to the limit as a percentage of debt limit	6.64%	5.83%	5.36%	4.96%	4.75%	4.61%	4.63%	4.50%	4.32%	3.83%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Township Unemployment Rate</u>	<u>Population</u>
2007	2.30%	\$ 71,191	2.30	25,267
2008	2.90%	74,025	2.90	25,312
2009	7.10%	97,614	7.10	25,438
2010	7.10%	69,811	7.10	24,176
2011	7.00%	71,730	7.00	24,290
2012	7.20%	74,057	7.20	24,378
2013	5.50%	75,054	5.50	24,493
2014	5.00%	82,810	5.00	24,441
2015	4.20%	82,810 *	4.20	24,679
2016	4.20% *	82,810	4.20 *	24,679 *

\*= Estimated

(1) County of Bergen

Source: United States Bureau of Census  
U.S. Dept. of Commerce

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

<b>Employer</b>	<b>2016</b>		<b>2007</b>	
	<b>Employees</b>	<b>Percentage of Total Municipal Employment</b>	<b>Employees</b>	<b>Percentage of Total Municipal Employment</b>

INFORMATION NOT AVAILABLE

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	176.0	185.0	190.0	184.0	182.0	181.5	181.0	176.5	169.5	178.5
Special Education	68.0	69.0	76.0	79.0	80.0	79.5	80.0	88.0	96.0	104.5
Other Special Education	18.0	19.0	25.0	25.0	26.0	8.5	8.0	8.0	18.5	14.5
Support Services:										
Student & Instruction Related Service	73.5	76.0	100.0	100.0	117.0	80.0	80.0	83.0	98.0	99.5
School Administrative Services	21.5	20.0	23.0	26.0	26.0	27.5	29.0	28.0	24.0	24.5
General and Business Administration	18.0	18.0	21.0	23.0	23.0	10.5	12.0	12.0	11.5	11.0
Plant Operations and Maintenance	39.0	45.0	43.0	52.0	52.0	32.5	33.0	31.0	31.0	31.0
Pupil Transportation	30.0	39.0	47.0	59.0	62.0	54.0	54.0	51.0	50.0	46.0
Total	<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>	<u>477.5</u>	<u>498.5</u>	<u>509.5</u>

**Source:** District Personnel Records

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2007	2,844	\$ 45,460,775	\$ 15,985	6.87%	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	-2.18%	95.98%
2012	2,527	44,424,628	17,580	-1.44%	296	12:1	12:1	2,490	2,397	-2.81%	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%
2014	2,444	47,036,187	19,246	2.18%	273	12:1	12:1	2,407	2,314	-1.27%	96.14%
2015	2,364	47,799,864	20,220	5.06%	284	12:1	11:1	2,363	2,269	-1.83%	96.02%
2016	2,371	49,426,100	20,846	3.10%	298	12:1	11:1	2,406	2,309	1.82%	95.97%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>District Building</u></b>										
Birchwood										
Square Feet	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914
Capacity (students)	232	232	232	232	232	232	232	232	232	232
Enrollment	370	360	362	353	327	307	295	279	279	307
Copeland										
Square Feet	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733
Capacity (students)	408	408	408	408	408	408	408	408	408	408
Enrollment	997	966	997	921	921	927	904	878	872	861
C.A. Dwyer										
Square Feet	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	342	314	326	309	336	324	313	338	311	323
Dennis B. O'Brien										
Square Feet	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523
Capacity (students)	104	104	104	104	104	104	104	104	104	104
Enrollment	350	335	340	347	298	308	309	298	298	336
K.D. Malone										
Square Feet	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990
Capacity (students)	216	216	216	216	216	216	216	216	216	216
Enrollment	388	353	368	299	269	258	258	251	266	272
Stony Brook										
Square Feet	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396
Capacity (students)	249	249	249	249	249	249	249	249	249	249
Enrollment	428	436	438	408	404	366	363	350	322	323
Number of Schools at June 30, 2016										
Elementary = 5										
Middle School = 1										
Senior High School = 0										
Other = 0										

Source: District Records

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>School Facilities</b>	<b>Project #(s)</b>										
Birchwood	N/A	\$ 73,815	\$ 100,103	\$ 103,420	\$ 98,841	\$ 93,744	\$ 112,964	\$ 157,797	\$ 149,353	\$ 58,699	\$ 151,215
Copeland Middle	N/A	391,781	436,096	450,547	281,309	266,802	321,503	252,242	285,947	266,527	189,706
C.A. Dwyer	N/A	102,758	184,213	190,317	115,228	109,286	131,692	137,748	126,282	210,800	187,533
Dennis B. O'Brien	N/A	74,466	99,278	102,568	165,399	156,869	189,032	177,410	196,161	146,150	156,618
K.D. Malone	N/A	104,252	151,587	156,610	150,583	142,817	172,099	160,401	156,643	195,985	231,627
Stony Brook	N/A	66,764	111,942	115,651	149,096	141,407	170,399	127,783	121,524	75,757	140,486
<b>Grand Total</b>		<u>\$ 813,836</u>	<u>\$ 1,083,219</u>	<u>\$ 1,119,113</u>	<u>\$ 960,456</u>	<u>\$ 910,925</u>	<u>\$ 1,097,689</u>	<u>\$ 1,013,381</u>	<u>\$ 1,035,910</u>	<u>\$ 953,918</u>	<u>\$ 1,057,185</u>

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Source: School District's Financial Statements

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2016**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:		
Property- Blanket Building and Contents	\$ 250,000,000	\$ 2,500
Property - 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	100,000,000	2,500
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: School District's records

**SINGLE AUDIT SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Rockaway Township School District  
Hibernia, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Rockaway Township School District’s basic financial statements and have issued our report thereon dated October 25, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

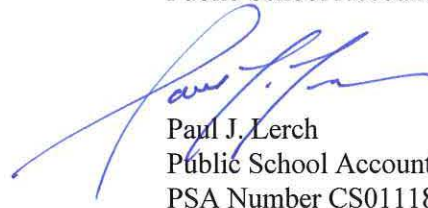
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Rockaway Township School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 25, 2016

### **Purpose of this Report**

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



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 25, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Rockaway Township School District  
Hibernia, New Jersey

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

We have audited the Rockaway Township School District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rockaway Township School District’s major federal and state programs for the fiscal year ended June 30, 2016. The Rockaway Township School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

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

In our opinion, the Rockaway Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

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

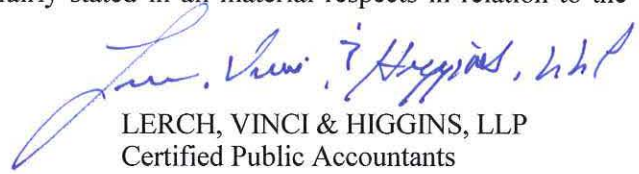
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 25, 2016

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2015	Deferred Revenue Carryover Amount	Accounts Payable Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Adjustment	Balance, June 30, 2016			GAAP Receivable	
												(Account Receivable)	Unearned Revenue	Due to Grantor		
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Agriculture</b>																
Child Nutrition Cluster																
Special Milk Program	10.556		9/1/14-6/30/15	\$ 2,598	\$ (220)		\$ 220									
Non-Cash Assistance (Food Distribution)	10.555	16161NJ304N1095	9/1/15-6/30/16	40,471			40,471	\$ 38,724					\$ 1,747			
Non-Cash Assistance (Food Distribution)	10.555		9/1/14-6/30/15	33,084	1,254			1,254								
National School Lunch Program	10.555	16161NJ304N1095	9/1/15-6/30/16	177,287			143,723	177,287					\$ (33,564)		\$ (33,564)	
National School Lunch Program	10.555		9/1/14-6/30/15	166,509	(15,292)		15,292									
School Breakfast Program	10.553	16161NJ304N1095	9/1/15-6/30/16	7,395			5,844	7,395					(1,551)		(1,551)	
School Breakfast Program	10.553		9/1/14-6/30/15	4,585	(415)		415									
<b>Total Child Nutrition Cluster/Food Service Fund</b>					<b>(14,673)</b>		<b>205,965</b>	<b>224,660</b>					<b>(35,115)</b>	<b>1,747</b>		<b>(35,115)</b>
<b>U.S. Department of Education</b>																
<b>General Fund:</b>																
Medical Assistance Program	93.778	1605NJSMAP	7/1/15-6/30/16	2,434				2,434					(2,434)		(2,434)	
Impact Aid	84.041		7/1/15-6/30/16	380,285			348,871	380,285					(31,414)		(31,414)	
<b>Total General Fund</b>							<b>348,871</b>	<b>382,719</b>					<b>(33,848)</b>			<b>(33,848)</b>
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
NCLB Consolidated																
Title I	84.010	S010A150030	9/1/15-8/31/16	79,644			53,157	78,127					(26,487)	1,517	(24,970)	
Title I	84.010		9/1/14-8/31/15	72,845	(7,990)		7,990									
<b>Total Special Education Cluster NCLB Title I</b>					<b>(7,990)</b>		<b>61,147</b>	<b>78,127</b>					<b>(26,487)</b>	<b>1,517</b>	<b>(24,970)</b>	
Title II - Part A	84.281A	S367A150029	9/1/15-8/31/16	51,514		\$ 51,343	\$ (51,343)	79,219	102,857				(23,638)		(23,638)	
Title II - Part A	84.281A		9/1/14-8/31/15	51,917	(20,226)	(51,343)	51,343	20,226								
<b>Total Special Education Cluster NCLB Title II Part A</b>					<b>(20,226)</b>		<b>99,445</b>	<b>102,857</b>					<b>(23,638)</b>		<b>(23,638)</b>	
Title III	84.365	S365A150030	9/1/15-8/31/16	20,547		6,943	(6,943)	17,048	22,023				(10,442)	5,467	(4,975)	
Title III	84.365		9/1/14-8/31/15	15,349	(1,681)	(6,943)	6,943	1,681								
<b>Total Special Education Cluster NCLB Title III</b>					<b>(1,681)</b>		<b>18,729</b>	<b>22,023</b>					<b>(10,442)</b>	<b>5,467</b>	<b>(4,975)</b>	
Title III Immigrant	84.365A	S365A150030	9/1/15-8/31/16			6,897	(6,897)	2,092	6,897				(4,805)		(4,805)	
Title III Immigrant	84.365A		9/1/14-8/31/15	6,992	(4,318)	(6,897)	6,897	4,318								
<b>Total Special Education Cluster NCLB Title III Immigrant</b>					<b>(4,318)</b>		<b>6,410</b>	<b>6,897</b>					<b>(4,805)</b>		<b>(4,805)</b>	
I.D.E.A. Part B, Basic	84.027A	H027A150100	9/1/15-8/31/16	582,593		1,210		540,689	583,803				(41,904)		(41,904)	
I.D.E.A. Part B, Basic	84.027A		9/1/14-8/31/15	562,676	(25,459)	(1,210)	25,459				1,210					
I.D.E.A. Part B, Preschool	84.173	H173A150114	9/1/15-8/31/16	31,023		898		24,097	31,921				(6,926)		(6,926)	
I.D.E.A. Part B, Preschool	84.173		9/1/14-8/31/15	30,435	(899)	(898)	899									
<b>Total Special Education Cluster I.D.E.A.</b>					<b>(26,358)</b>		<b>591,144</b>	<b>615,724</b>					<b>(48,830)</b>		<b>(48,830)</b>	
<b>Total U.S. Department of Education/Special Revenue Fund</b>					<b>(60,573)</b>		<b>776,875</b>	<b>825,628</b>					<b>(114,202)</b>	<b>6,984</b>		<b>(107,218)</b>
<b>Total</b>					<b>\$ (75,246)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,331,711</b>	<b>\$ 1,433,007</b>	<b>\$ -</b>	<b>\$ 2,108</b>	<b>\$ (183,165)</b>	<b>\$ 8,731</b>	<b>\$ -</b>	<b>\$ (176,181)</b>	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Accts Rec Adjustments	Unearn Rev Adjustments	Balance, June 30, 2016			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor		
<b>State Department of Education</b>																
<b>General Fund</b>																
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 883,819				\$ 797,161	\$ 883,819				\$ (86,658)			\$ 883,819	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	883,819	(86,559)			86,559									
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	1,517,265				1,368,499	1,517,265				(148,766)			1,517,265	
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	1,517,265	(148,598)			148,598									
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	43,651				39,371	43,651				(4,280)			43,651	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	43,651	(4,275)			4,275									
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	82,223				74,161	82,223				(8,062)			82,223	
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	82,223	(8,053)			8,053									
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	22,585				20,371	22,585				(2,214)			22,585	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	22,585	(2,212)			2,212									
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	22,585				20,371	22,585				(2,214)			22,585	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	22,585	(2,212)	-	-	2,212	-	-	-	-	-	-	-	-	
Total State Public Aid				(251,909)	-	-	2,571,843	2,572,128	-	-	-	(252,194)	-	-	2,572,128	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	136,876				123,456	136,876				(13,420)			136,876	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	136,876	(13,405)			13,405									
Nonpublic Transportation	16-495-034-5120-014	7/1/15-6/30/16	16,762					16,762				(16,762)	\$ (16,762)		16,762	
Nonpublic Transportation	15-495-034-5120-014	7/1/14-6/30/15	19,921	(19,921)			19,921									
Extraordinary Aid	16-495-034-5120-444	7/1/15-6/30/16	550,123					550,123				(550,123)			550,123	
Extraordinary Aid	15-495-034-5120-444	7/1/14-6/30/15	585,065	(585,065)			585,065									
<b>On-Behalf Payments</b>																
TPAF Pension Contribution	16-495-034-5094-002	7/1/15-6/30/16	1,442,979				1,442,979	1,442,979							1,442,979	
TPAF Pension -NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	81,880				71,880	71,880							71,880	
TPAF Pension - Post Retirement Medical Costs	16-495-034-5094-001	7/1/15-6/30/16	1,803,779				1,803,779	1,803,779							1,803,779	
TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	1,459,489				1,387,243	1,459,489				(72,246)		(72,246)	1,459,489	
TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	1,402,321	(69,855)	-	-	69,855	-	-	-	-	-	-	-	-	
Total General Fund				(940,155)	-	-	8,089,426	8,054,016	-	-	-	(904,745)	-	-	(89,008)	8,054,016
<b>Special Revenue Fund</b>																
<b>Handicapped Services</b>																
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	1,040				1,040	965					\$ 75		965	
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	1,534				1,534	1,534							1,534	
Total Nonpublic Handicapped Aid (Chpt 193) Cluster				-	-	-	2,574	2,499	-	-	-	-	-	75	2,499	
<b>New Jersey Nonpublic Aid</b>																
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	2,627				2,627	570					2,057		570	
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	1,196				1,196	438					758		438	
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	1,150				1,150	273					877		273	
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	4,140				4,140	2,289					1,851		2,289	
Total Special Revenue Fund				-	-	-	11,687	6,069	-	-	-	-	-	5,618	6,069	
<b>State of New Jersey Schools Development Authority:</b>																
<b>Capital Projects</b>																
Catherine Dwyer Elementary - Elevator	4490-019-14-1004-G04	2014	78,000	(78,000)	\$ 74,360			74,360				(78,000)		(78,000)	74,360	
Dennis O'Brien Elementary - Boiler	4490-025-14-1006-G04	2014	160,000	(160,000)	44,310		115,690	-		44,310	(44,310)	-		-	-	
Dennis O'Brien Elementary - Roof & Electric	4490-010-14-1002-G04	2014	150,000	(150,000)	2,060		147,940		2,060	(2,060)		-		-	-	
Birchwood Elementary - Windows	4490-010-14-1002-G04	2014	270,600	(270,600)	244,127		-	244,127				(270,600)		(270,600)	244,127	
Total Capital Projects Fund				(658,600)	364,857	-	263,630	318,487	-	46,370	(46,370)	(348,600)		(348,600)	318,487	

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Accts Rec Adjustments	Unearn Rev Adjustments	Balance, June 30, 2016			*	GAAP Receivable	Cumulative Total Expenditures	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor				
<u>Debt Service Fund</u>																		
Debt Service State Aid Support	16-495-034-5120-075	7/1/15-6/30/16	138,206	-	-	-	\$ 138,206	\$ 138,206	-	-	-	-	-	-	*	-	\$ 138,206	
Total Debt Service Fund				-	-	-	138,206	138,206	-	-	-	-	-	-	*	-	138,206	
<u>Enterprise Fund</u>																		
State School Lunch Program	16-100-010-3350-023	9/1/15-6/30/16	6,790				5,495	6,790				\$ (1,295)		*	\$ (1,295)	6,790		
State School Lunch Program	15-100-010-3350-023	9/1/14-6/30/15	6,767	\$ (800)	-	-	800	-	-	-	-	-	-	*	-	-		
Total Enterprise Fund				(800)	-	-	6,295	6,790	-	-	-	(1,295)	-	*	(1,295)	6,790		
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,599,553)	\$ 364,857	\$ -	\$ 8,509,244	\$ 8,523,568	\$ -	\$ 46,370	\$ (46,370)	\$ (1,254,640)	\$ -	\$ 5,618	*	\$ (438,903)	\$ 8,523,568	
State Financial Assistance Not Subject to Major Program Determination																		
<u>General Fund</u>																		
TPAF Pension Contribution								(1,442,979)										*
TPAF Pension -NCGI Premium								(71,880)										*
TPAF Pension - Post Retirement Medical Costs								(1,803,779)										*
								(3,318,638)										*
Total for State Single Audit Major Program Determination								\$ 5,204,930										*



**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$34,642 for the general fund and an increase of \$6,682 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 382,719	\$ 8,088,658	\$ 8,471,377
Special Revenue Fund	832,310	6,069	838,379
Capital Projects Fund		318,487	318,487
Debt Service Fund		138,206	138,206
Food Service Fund	224,660	6,790	231,450
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	\$ 1,439,689	\$ 8,558,210	\$ 9,997,899

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,459,489 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,514,859 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,803,779 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued on Financial Statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?     yes   X   no

2) Were significant deficiencies identified that were not considered to be material weaknesses?     yes   X   no

Noncompliance material to the basic financial statements noted?

**Federal Awards Section**

Type of auditor's report issued on compliance for major programs Unmodified

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

Auditee qualified as low-risk auditee?   X   yes     no

Internal Control over major programs:

(1) Material weaknesses identified?     yes   X   no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?     yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of Circular U.S. Uniform Guidance     yes   X   no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program	FAIN Numbers
84.027A/84.173	IDEA Part B Basic/Preschool	H027A150100/H173A150114

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

State Awards Section

Type of auditor's report issued on compliance for major programs Unmodified

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

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:  
(1) Material weakness(es) identified   yes  X  no

(2) Significant deficiency identified that are not considered to be material weakness(es)?   yes  X  none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?   yes  X  no

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5094-003	TPAF Social Security
16-495-034-5120-444	Extraordinary Aid

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

There were none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

There were none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.