

ROCKLEIGH BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Rockleigh, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Rockleigh Board of Education
Rockleigh, New Jersey
For The Fiscal Year Ended June 30, 2016**

**Prepared by
Business Administrator**

**ROCKLEIGH BOARD OF EDUCATION
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INTRODUCTORY SECTION

ROCKLEIGH BOARD OF EDUCATION

26 ROCKLEIGH ROAD
ROCKLEIGH, NEW JERSEY 07647

Dr. Jason Roer,
School Business Administrator

phone 201-245-1946
fax 201-845-4206

November 14, 2016

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Rockleigh Board of Education for the fiscal year ended June 30, 2016.

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

The Rockleigh Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Rockleigh Board of Education for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Rockleigh Board of Education's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The District is not required to undergo a single audit in conformity with the provisions of the U.S. Uniform Guidance and the New Jersey State Treasury Circular Letter 15-08.

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

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	36	9.1%
2014-15	33	0%
2013-14	33	13.8%
2012-13	29	0%
2011-12	29	(9.4%)
2010-11	32	18.5
2009-10	27	17.4
2008-09	23	27.8
2007-08	18	(10.0)
2006-07	20	5.3

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

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

As a recipient of State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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

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

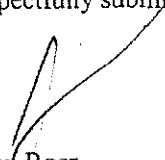
7) RISK MANAGEMENT: The Board carries insurance in the form of surety bonds for the Board Secretary and Treasurer. Additionally, the District carries "School Leaders Errors and Omissions" coverage and workers' compensation coverage.

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

9) ACKNOWLEDGMENTS:

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

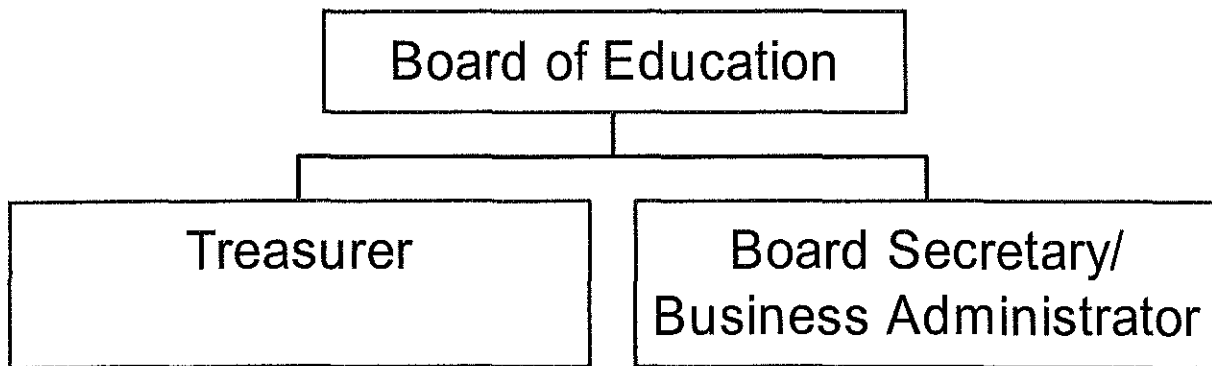
Respectfully submitted,



Jason Roer
Board Secretary

Board of Education
Borough of Rockleigh, NJ 07647

ORGANIZATIONAL CHART



ROCKLEIGH BOARD OF EDUCATION

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Rosanne Antine, President	2017
Maryanne Puccio, Vice President	2021
Maria Yuelys	2020
Alison Porto	2018
Stephanie Bernik	2019

Board of School Estimate

Rosanne Antine	Board of Education
Maria Yuelys	Board of Education
James Pontone	Council Member
Shirl Ewald	Council Member
Robert Schaffer	Mayor

Other Officials

Dr. Jason Roer, Business Administrator/Board Secretary
Gary Grembowiec, Treasurer of School Monies

**ROCKLEIGH BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

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

Official Depository

PNC Bank

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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
Rockleigh Board of Education
Rockleigh, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education, as of and for the fiscal year ended June 30, 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, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of June 30, 2016, and the respective changes in financial position 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

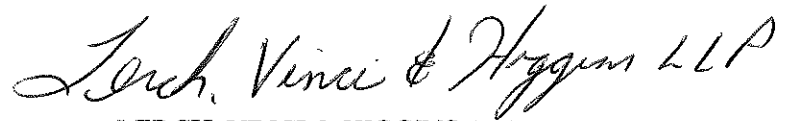
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockleigh Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Rockleigh Board of Education.

The fund financial statements 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, fund financial statements and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

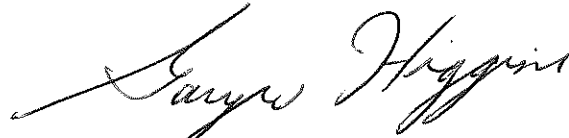
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2016 on our consideration of the Rockleigh Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Rockleigh Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

This discussion and analysis of the Rockleigh Board of Education's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The District is considered a nonoperating school district since the District has no facilities and sends all students to other districts. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$778,587 or 96 percent of all revenues. Program specific revenues in the form of state aid accounted for \$29,455 or 4 percent of total revenues of \$808,042.
- The School District had \$778,188 in expenses; only \$29,455 of these expenses are offset by program specific state aid. General revenues (primarily taxes) of \$778,587 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund had \$802,585 in revenues and \$772,731 in expenditures. The General Fund's fund balance increased by \$29,854 from the fiscal year ended June 30, 2015.

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

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

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into governmental and business-type activities. The District has no business-type activities.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1
Net Position
as of June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Assets		
Current and Other Assets	\$ 344,639	\$ 344,192
Total Assets	344,639	344,192
Liabilities		
Unearned Revenue	-	29,407
Total Liabilities	-	29,407
Net Position		
Unrestricted	344,639	314,785
Total Net Position	\$ 344,639	\$ 314,785

The District's combined net position were \$344,639 and \$314,785 at June 30, 2016 and 2015, respectively

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

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

The District as a Whole (Continued)

Table 2 shows changes in net position for the fiscal years ended June 30, 2016 and 2015.

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Grants and Contributions	\$ 29,455	\$ 55,423
General Revenues:		
Property Taxes	777,847	777,847
Other	740	936
Total Revenues	<u>808,042</u>	<u>834,206</u>
 Program Expenses		
Instruction	\$ 679,274	\$ 585,380
Support Services:		
Student and Instruction Related Services	4,320	1,500
General Administration and Business/Central Services	45,698	43,658
Pupil Transportation	<u>48,896</u>	<u>44,624</u>
Total Expenses	<u>778,188</u>	<u>675,162</u>
Change in Net Position	<u>\$ 29,854</u>	<u>\$ 159,044</u>

Governmental Activities

The nature of funding public education primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up of 96 and 93 percent of revenues for governmental activities for the Rockleigh School District for fiscal years 2016 and 2015, respectively. The District's total revenues were \$808,042 and \$834,206 for the fiscal years ended June 30, 2016 and 2015, respectively. State and local grants accounted for 3 and 6 percent of revenue, respectively. The total cost of all programs and services was \$778,188 and \$675,162 for the fiscal years ended June 30, 2016 and 2015, respectively. Instruction comprises 87 percent of District expenses for both fiscal years ended June 30, 2016 and 2015.

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

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

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2016 and 2015. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Total and Net Cost of Services
For the Fiscal Years Ended June 30, 2016 and 2015

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$ 679,274	\$ 585,380	\$ 674,925	\$ 553,218
Support Services:				
Student and Instruction Related Services	4,320	1,500	4,320	1,500
General Administration and Business/ Central Services	45,698	43,658	35,423	35,324
Pupil Transportation	<u>48,896</u>	<u>44,624</u>	<u>34,065</u>	<u>29,697</u>
Total Expenses	<u>\$ 778,188</u>	<u>\$ 675,162</u>	<u>\$ 748,733</u>	<u>\$ 619,739</u>

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

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

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

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

The District's Funds

All governmental funds (i.e., general fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$802,585 and \$829,994 and expenditures were \$772,731 and \$670,950 for the fiscal years ended June 30, 2016 and 2015, respectively.

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

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

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

The District's Funds (Continued)

The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2016 and 2015.

<u>Revenue</u>	<u>Amount</u>		Amount of	Percent
	<u>2016</u>	<u>2015</u>	Increase (Decrease)	Increase (Decrease)
Local Sources	\$ 778,217	\$ 778,450	\$ (233)	-0.03%
State Sources	<u>24,368</u>	<u>51,544</u>	<u>(27,176)</u>	-52.72%
Total	<u>\$ 802,585</u>	<u>\$ 829,994</u>	<u>\$ (27,409)</u>	-3.30%

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Amount</u>		Amount of	Percent
	<u>2016</u>	<u>2015</u>	Increase (Decrease)	Increase (Decrease)
Instruction	\$ 679,274	\$ 585,380	\$ 93,894	16.04%
Support Services	<u>93,457</u>	<u>85,570</u>	<u>7,887</u>	9.22%
Total	<u>\$ 772,731</u>	<u>\$ 670,950</u>	<u>\$ 101,781</u>	15.17%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The District's only budgetary fund is the General Fund. The 2015/16 budget was approved by the Board of School Estimate.

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

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

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

School District Structure

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

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

For the Future

Currently, the District is in good financial condition.

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

ROCKLEIGH BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 344,039	\$ 344,039
Receivables, net		
Receivables from Other Governments	<u>600</u>	<u>600</u>
Total Assets	<u>344,639</u>	<u>344,639</u>
NET POSITION		
Unrestricted	<u>344,639</u>	<u>344,639</u>
Total Net Position	<u>\$ 344,639</u>	<u>\$ 344,639</u>

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

**ROCKLEIGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instruction						
Regular	\$ 547,384		\$ 370		\$ (547,014)	\$ (547,014)
Special Education	131,890		3,979		(127,911)	(127,911)
Support Services						
Student and Instruction Related Services	4,320				(4,320)	(4,320)
General Administration Services	14,344				(14,344)	(14,344)
Pupil Transportation	48,896		14,831		(34,065)	(34,065)
Business/Central Services	31,354	-	10,275	-	(21,079)	(21,079)
Total Governmental Activities	778,188	-	29,455	-	(748,733)	(748,733)
Total Primary Government	\$ 778,188	\$ -	\$ 29,455	\$ -	(748,733)	(748,733)
General Revenues						
Property Taxes					777,847	777,847
Unrestricted State Aid					370	370
Miscellaneous Income					370	370
Total General Revenues					778,587	778,587
Change in Net Position					29,854	29,854
Net Position, Beginning of Year					314,785	314,785
Net Position, End of Year					\$ 344,639	\$ 344,639

FUND FINANCIAL STATEMENTS

**ROCKLEIGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	General Fund	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 344,039	\$ 344,039
Receivables from Other Governments	<u>600</u>	<u>600</u>
Total Assets	<u>\$ 344,639</u>	<u>\$ 344,639</u>
FUND BALANCES		
Restricted Fund Balance:		
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 10,111	\$ 10,111
Excess Surplus	39,088	39,088
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	52,229	52,229
Unassigned Fund Balance	<u>243,211</u>	<u>243,211</u>
Total Fund Balances	<u>344,639</u>	<u>344,639</u>
Total Liabilities and Fund Balances	<u>\$ 344,639</u>	<u>\$ 344,639</u>

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

**ROCKLEIGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Total Governmental Funds
REVENUES		
Local Sources		
Property Tax Levy	\$ 777,847	\$ 777,847
Miscellaneous	370	370
	<hr/>	<hr/>
Total - Local Sources	778,217	778,217
State Sources	<hr/> 24,368	<hr/> 24,368
Total Revenues	<hr/> 802,585	<hr/> 802,585
EXPENDITURES		
Current		
Regular Instruction	547,384	547,384
Special Education Instruction	131,890	131,890
Support Services		
Student and Instruction Related Services	4,320	4,320
General Administration Services	14,344	14,344
Pupil Transportation	48,896	48,896
Business/Central Services	<hr/> 25,897	<hr/> 25,897
Total Expenditures	<hr/> 772,731	<hr/> 772,731
Excess of Revenues Over Expenditures	29,854	29,854
Fund Balance, Beginning of Year	<hr/> 314,785	<hr/> 314,785
Fund Balance, End of Year	<u>\$ 344,639</u>	<u>\$ 344,639</u>

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

**ROCKLEIGH BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2)	\$ <u>29,854</u>
Change in net position of governmental activities (Exhibit A-2)	\$ <u>29,854</u>

**ROCKLEIGH BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>1,741</u>	\$ <u>916</u>
Total Assets	<u>1,741</u>	<u>916</u>
LIABILITIES		
Payroll Deductions and Withholdings	<u>-</u>	<u>916</u>
Total Liabilities	<u>-</u>	<u>\$ 916</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 1,741</u>	

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

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Investment Earnings	-
Total Additions	-
DEDUCTIONS	
Unemployment Claims and Contributions	-
Total Deductions	-
Change in Net Position	-
Net Position, Beginning of Year	\$ 1,741
Net Position, End of Year	\$ 1,741

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

NOTES TO THE FINANCIAL STATEMENTS

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rockleigh Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The District is a Type 1 school district based upon the approval of the Borough voters on April 20, 2004. The Board consists of five appointed officials and is responsible for the fiscal control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program.

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

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

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

B. New Accounting Standards

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

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. 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*, will be effective beginning with the fiscal year ending June 30, 2016. 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.

**ROCKLEIGH BOARD OF EDUCATION
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 governmental 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 from the District. Fiduciary funds are excluded from the district-wide financial statements.

**ROCKLEIGH BOARD OF EDUCATION
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 normally are supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental activities column (a) is presented on a consolidated basis 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.

Fund Financial Statements

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

The District reports the following major governmental fund:

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

Additionally, the government reports the following fund type:

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

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".

**ROCKLEIGH BOARD OF EDUCATION
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)

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 fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net 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.

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.

Property taxes 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 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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position/Fund Balance (Continued)

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.

4. *Pensions*

In the district-wide financial statements, for purposes of measuring the pension expense, information about the fiduciary net position of the retirement system sponsored and administered by the State of New Jersey and additions to/deductions from the retirement system's fiduciary net position have been determined on the same basis as they are reported by the retirement system. 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.

5. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there is one class of net position:

- **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 – 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.

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.

**ROCKLEIGH BOARD OF EDUCATION
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)

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

Governmental Fund Statements (Continued)

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.

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

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, investment earnings and miscellaneous revenues.

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 1st 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 Expenditures*

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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

The annual budget is adopted in the spring of the preceding year for the general fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved two budget transfers during 2015/2016.

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 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. 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 \$49,199. Of this amount, \$10,111 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$39,088 will be appropriated in the 2017/2018 original budget certified for taxes.

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 \$346,696 and bank and brokerage firm balances of the Board's deposits amounted to \$349,032. 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>\$ 349,032</u>
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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 only major fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>
Receivables:	
Intergovernmental -	
State	\$ 600
Gross Receivables	600
Less: Allowance for	
Uncollectibles	-
Net Total Receivables	<u>\$ 600</u>

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Debt (Continued)

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)	\$ 8,249,441
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 8,249,441</u>

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. 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.

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:

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016				\$ 1,741
2015				1,741
2014				1,738

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement System and Pension Plans

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

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

Other Pension Funds

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

The cost of living increase for TPAF is funded directly by the system but is 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 a publicly available financial report that includes the financial statements and required supplementary information of the above system. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. 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 63.6 billion.

The funded status and funding progress of the retirement system 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 system of 7.90 percent and (b) projected salary increases of 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 system requires employee contributions based on 6.92% for TPAF 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. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 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>	On-behalf <u>TPAF</u>
2016	\$ 1,446
2015	967
2014	762

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,446 and \$967, 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 \$762 for normal cost pension and NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,651 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

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 \$6,903 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 \$113,049. 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 .00018 percent, which was equal to its proportionate share measured as of June 30, 2014.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. 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)

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 Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

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

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. 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%

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. 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:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 134,355</u>	<u>\$ 113,049</u>	<u>\$ 94,693</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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. 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.

C. 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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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) 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 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 \$1,721, \$1,536 and \$1,248, 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.

BUDGETARY COMPARISON SCHEDULES

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 777,847		\$ 777,847	\$ 777,847	
Miscellaneous	387	-	387	370	\$ (17)
Total Local Sources	<u>778,234</u>	<u>-</u>	<u>778,234</u>	<u>778,217</u>	<u>(17)</u>
State Sources					
Transportation Aid	14,231		14,231	14,231	
Per Pupil Growth Aid	370		370	370	
PARCC Readiness Aid	370		370	370	
Extraordinary Aid	5,900		5,900	6,970	1,070
Non Public Transportation Aid				600	600
On-behalf TPAF Pension Payments - Normal Costs (Non-Budget)				1,377	1,377
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)				69	69
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)				1,721	1,721
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	1,651	1,651
Total State Sources	<u>20,871</u>	<u>-</u>	<u>20,871</u>	<u>27,359</u>	<u>6,488</u>
Total Revenues	<u>799,105</u>	<u>-</u>	<u>799,105</u>	<u>805,576</u>	<u>6,471</u>
EXPENDITURES					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	587,174	\$ (2,723)	584,451	547,384	37,067
Tuition to Other LEAs Within State - Special	82,444	2,723	85,167	85,166	1
Tuition to Private Schools for the Disabled Outside the State	58,800	-	58,800	46,724	12,076
Total Instruction	<u>728,418</u>	<u>-</u>	<u>728,418</u>	<u>679,274</u>	<u>49,144</u>
Other Support Services-Students-Extra Services					
Purchased Professional/Educational Services	8,000	-	8,000	4,320	3,680
Total Other Support Services - Students - Extra Svc	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>4,320</u>	<u>3,680</u>
Support Services General Administration					
Salaries	2,520		2,520	2,520	-
Legal Services	2,000		2,000		2,000
Audit Fees	5,675		5,675	5,200	475
Miscellaneous Purchased Services	8,000		8,000	5,113	2,887
General Supplies	2,925		2,925	200	2,725
Miscellaneous Expenditures	1,800		1,800	855	945
BOE Membership Dues and Fees	720	-	720	405	315
Total Support Services General Administration	<u>23,640</u>	<u>-</u>	<u>23,640</u>	<u>14,293</u>	<u>9,347</u>

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Central Services					
Salaries	\$ 19,070	-	\$ 19,070	\$ 19,068	\$ 2
Total Central Services	19,070	-	19,070	19,068	2
Administrative Information Technology					
Purchased Technical Services	1,625	-	1,625	1,625	-
Total Administrative Information Services	1,625	-	1,625	1,625	-
Student Transportation Services					
Contract Services - Aid in lieu of Payments - NonPublic	5,410	-	5,410	2,652	2,758
Contract Services(Between Home and School) - Vendors	46,356	-	46,356	39,529	6,827
Contract Services(Between Home and School) - Joint Agreement	1,600	-	1,600	1,515	85
Contract Services (Spl. Ed. Stds.)-Joint Agreements	22,000	-	22,000	5,200	16,800
Total Student Transportation Services	75,366	-	75,366	48,896	26,470
General Administration - Employee Benefits					
Social Security Contributions	189	-	189	-	189
Workmen's Compensation	450	-	450	437	13
Total General Administration - Employee Benefits	639	-	639	437	202
Central Services - Employee Benefits					
Social Security Contributions	1,464	-	1,464	-	1,464
Total Central Services - Employee Benefits	1,464	-	1,464	-	1,464
On-behalf TPAF Pension Payments - Normal Costs (Non-Budget)	-	-	-	1,377	(1,377)
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)	-	-	-	69	(69)
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)	-	-	-	1,721	(1,721)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	1,651	(1,651)
Total Undistributed Expenditures	858,222	-	858,222	772,731	85,491
Total Expenditures - Current Expenditures	858,222	-	858,222	772,731	85,491
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(59,117)	-	(59,117)	32,845	91,962
Fund Balance, Beginning of Year	320,253	-	320,253	320,253	-
Fund Balance, End of Year	\$ 261,136	\$ -	\$ 261,136	\$ 353,098	\$ 91,962
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 10,111	
Excess Surplus				39,088	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				52,229	
Unassigned Fund Balance				251,670	
				353,098	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				(8,459)	
Fund Balance Per Governmental Funds (GAAP)				\$ 344,639	

**ROCKLEIGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ROCKLEIGH BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 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. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

		General Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 805,576
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP Statements, not recognized for budgetary purposes (prior year)		5,468
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)		<u>(8,459)</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2)	 <u>\$ 802,585</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1)	<u>\$ 772,731</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2)	 <u>\$ 772,731</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
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>\$ 113,049</u>	<u>\$ 96,252</u>	<u>\$ 90,206</u>
Total	<u>\$ 113,049</u>	<u>\$ 96,252</u>	<u>\$ 90,206</u>
District's Covered-Employee Payroll	<u>\$ 18,694</u>	<u>\$ 18,324</u>	<u>\$ 17,964</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
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.

**ROCKLEIGH BOARD OF EDUCATION
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 contributions are presented in Note 4.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**ROCKLEIGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

NOT APPLICABLE

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**ROCKLEIGH BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT G-2

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

NOT APPLICABLE

EXHIBIT G-3

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

NOT APPLICABLE

FIDUCIARY FUNDS

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ <u>916</u>
Total Assets	\$ <u><u>916</u></u>
LIABILITIES	
Payroll Deductions and Withholdings	\$ <u>916</u>
Total Liabilities	\$ <u><u>916</u></u>

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

NOT APPLICABLE

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

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 852	\$ 23,444	\$ 23,380	\$ 916
Total	<u>\$ 852</u>	<u>\$ 23,444</u>	<u>\$ 23,380</u>	<u>\$ 916</u>

LONG-TERM DEBT

**ROCKLEIGH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

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

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

ROCKLEIGH BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Unrestricted	\$335,972	\$346,820	\$225,142	\$ 50,429	\$ 43,123	\$150,359	\$161,400	\$ 155,741	\$ 314,785	\$344,639
Total governmental activities net position	<u>\$335,972</u>	<u>\$346,820</u>	<u>\$225,142</u>	<u>\$ 50,429</u>	<u>\$ 43,123</u>	<u>\$150,359</u>	<u>\$161,400</u>	<u>\$ 155,741</u>	<u>\$ 314,785</u>	<u>\$344,639</u>
District-wide										
Unrestricted	\$335,972	\$346,820	\$225,142	\$ 50,429	\$ 43,123	\$150,359	\$161,400	\$ 155,741	\$ 314,785	\$344,639
Total district net position	<u>\$335,972</u>	<u>\$346,820</u>	<u>\$225,142</u>	<u>\$ 50,429</u>	<u>\$ 43,123</u>	<u>\$150,359</u>	<u>\$161,400</u>	<u>\$ 155,741</u>	<u>\$ 314,785</u>	<u>\$344,639</u>

ROCKLEIGH BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 207,369	\$ 199,806	\$ 247,567	\$ 331,746	\$ 353,743	\$ 338,573	\$ 376,400	\$ 463,047	\$ 452,123	\$ 547,384
Special education	93,220	116,488	177,712	190,781	202,101	134,818	190,531	175,325	133,257	131,890
Support Services:										
Student and instruction related services	1,860	480	9,390	12,390	11,280	10,020	6,990	6,360	1,500	4,320
General administration services	16,278	14,889	14,870	14,939	15,149	17,059	16,221	14,330	14,646	14,344
Pupil transportation	80,257	80,532	88,881	81,695	85,852	79,159	68,352	81,151	44,624	48,896
Business / Central Services	17,886	18,900	20,473	20,149	21,685	22,609	23,813	23,846	29,012	31,354
Total governmental activities expenses	<u>416,870</u>	<u>431,095</u>	<u>558,893</u>	<u>651,700</u>	<u>689,810</u>	<u>602,238</u>	<u>682,307</u>	<u>764,059</u>	<u>675,162</u>	<u>778,188</u>
Total district expenses	<u>\$ 416,870</u>	<u>\$ 431,095</u>	<u>\$ 558,893</u>	<u>\$ 651,700</u>	<u>\$ 689,810</u>	<u>\$ 602,238</u>	<u>\$ 682,307</u>	<u>\$ 764,059</u>	<u>\$ 675,162</u>	<u>\$ 778,188</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 32,570	\$ 34,968	\$ 26,094	\$ 61,377	\$ 40,995	\$ 54,669	\$ 38,778	\$ 41,011	\$ 55,423	\$ 29,455
Total governmental activities program revenues	<u>32,570</u>	<u>34,968</u>	<u>26,094</u>	<u>61,377</u>	<u>40,995</u>	<u>54,669</u>	<u>38,778</u>	<u>41,011</u>	<u>55,423</u>	<u>29,455</u>
Total district program revenues	<u>\$ 32,570</u>	<u>\$ 34,968</u>	<u>\$ 26,094</u>	<u>\$ 61,377</u>	<u>\$ 40,995</u>	<u>\$ 54,669</u>	<u>\$ 38,778</u>	<u>\$ 41,011</u>	<u>\$ 55,423</u>	<u>\$ 29,455</u>
Net (Expense)/Revenue										
Governmental activities	<u>\$ (384,300)</u>	<u>\$ (396,127)</u>	<u>\$ (532,799)</u>	<u>\$ (590,323)</u>	<u>\$ (648,815)</u>	<u>\$ (547,569)</u>	<u>\$ (643,529)</u>	<u>\$ (723,048)</u>	<u>\$ (619,739)</u>	<u>\$ (748,733)</u>
Total district-wide net expense	<u>\$ (384,300)</u>	<u>\$ (396,127)</u>	<u>\$ (532,799)</u>	<u>\$ (590,323)</u>	<u>\$ (648,815)</u>	<u>\$ (547,569)</u>	<u>\$ (643,529)</u>	<u>\$ (723,048)</u>	<u>\$ (619,739)</u>	<u>\$ (748,733)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 391,267	\$ 390,707	\$ 406,335	\$ 414,848	\$ 641,222	\$ 654,046	\$ 654,046	\$ 712,860	\$ 777,847	\$ 777,847
Unrestricted state aid	2,728	3,473	1,409	137	-	-	-	-	333	370
Miscellaneous income	11,118	12,795	3,377	625	287	759	524	4,529	603	370
Total governmental activities	<u>405,113</u>	<u>406,975</u>	<u>411,121</u>	<u>415,610</u>	<u>641,509</u>	<u>654,805</u>	<u>654,570</u>	<u>717,389</u>	<u>778,783</u>	<u>778,587</u>
Total district-wide	<u>\$ 405,113</u>	<u>\$ 406,975</u>	<u>\$ 411,121</u>	<u>\$ 415,610</u>	<u>\$ 641,509</u>	<u>\$ 654,805</u>	<u>\$ 654,570</u>	<u>\$ 717,389</u>	<u>\$ 778,783</u>	<u>\$ 778,587</u>
Change in Net Position										
Governmental activities	<u>\$ 20,813</u>	<u>\$ 10,848</u>	<u>\$ (121,678)</u>	<u>\$ (174,713)</u>	<u>\$ (7,306)</u>	<u>\$ 107,236</u>	<u>\$ 11,041</u>	<u>\$ (5,659)</u>	<u>\$ 159,044</u>	<u>\$ 29,854</u>
Total district	<u>\$ 20,813</u>	<u>\$ 10,848</u>	<u>\$ (121,678)</u>	<u>\$ (174,713)</u>	<u>\$ (7,306)</u>	<u>\$ 107,236</u>	<u>\$ 11,041</u>	<u>\$ (5,659)</u>	<u>\$ 159,044</u>	<u>\$ 29,854</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 100,959									
Unreserved	235,013	\$ 346,820	\$ 225,142	\$ 50,429						
Restricted									\$ 10,111	\$ 49,199
Committed										
Assigned					\$ 39,256	\$ 50,123	\$ 59,117	\$ 59,117	59,117	52,229
Unassigned					3,867	100,236	102,283	96,624	245,557	243,211
Total general fund	<u>\$ 335,972</u>	<u>\$ 346,820</u>	<u>\$ 225,142</u>	<u>\$ 50,429</u>	<u>\$ 43,123</u>	<u>\$ 150,359</u>	<u>\$ 161,400</u>	<u>\$ 155,741</u>	<u>\$ 314,785</u>	<u>\$ 344,639</u>

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

ROCKLEIGH BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$391,267	\$390,707	\$ 406,335	\$ 414,848	\$ 641,222	\$ 654,046	\$ 654,046	\$ 712,860	\$ 777,847	\$ 777,847
Miscellaneous	11,118	12,795	3,377	625	287	759	524	4,529	603	370
State sources	35,298	38,441	27,503	61,514	40,995	54,669	38,778	41,011	51,544	24,368
Total revenue	<u>437,683</u>	<u>441,943</u>	<u>437,215</u>	<u>476,987</u>	<u>682,504</u>	<u>709,474</u>	<u>693,348</u>	<u>758,400</u>	<u>829,994</u>	<u>802,585</u>
Expenditures										
Instruction										
Regular instruction	207,369	199,806	247,567	331,746	353,743	338,573	376,400	463,047	452,123	547,384
Special education instruction	93,220	116,488	177,712	190,781	202,101	134,818	190,531	175,325	133,257	131,890
Support Services:										
Student and instruction related services	1,860	480	9,390	12,390	11,280	10,020	6,990	6,360	1,500	4,320
General administration services	16,278	14,889	14,870	14,939	15,149	17,059	16,221	14,330	14,646	14,344
Pupil transportation	80,257	80,532	88,881	81,695	85,852	79,159	68,352	81,151	44,624	48,896
Business/Central Services	17,886	18,900	20,473	20,149	21,685	22,609	23,813	23,846	24,800	25,897
Total expenditures	<u>416,870</u>	<u>431,095</u>	<u>558,893</u>	<u>651,700</u>	<u>689,810</u>	<u>602,238</u>	<u>682,307</u>	<u>764,059</u>	<u>670,950</u>	<u>772,731</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>20,813</u>	<u>10,848</u>	<u>(121,678)</u>	<u>(174,713)</u>	<u>(7,306)</u>	<u>107,236</u>	<u>11,041</u>	<u>(5,659)</u>	<u>159,044</u>	<u>29,854</u>
Net change in fund balances	<u>\$ 20,813</u>	<u>\$ 10,848</u>	<u>\$(121,678)</u>	<u>\$(174,713)</u>	<u>\$ (7,306)</u>	<u>\$ 107,236</u>	<u>\$ 11,041</u>	<u>\$ (5,659)</u>	<u>\$ 159,044</u>	<u>\$ 29,854</u>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

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

<u>Fiscal Year Ended June 30</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 10,914	\$ 204	\$ 11,118
2008	12,566	229	12,795
2009	3,117	260	3,377
2010	555	70	625
2011	235	52	287
2012	309	450	759
2013	524		524
2014		4,529	4,529
2015		603	603
2016		370	370

ROCKLEIGH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 10,274,950	\$ 149,236,700			\$ 107,040,206			\$ 266,551,856	\$ 268,765	\$ 266,820,621	\$ 199,431,480	\$ 0.146
2008	10,274,956	148,789,000			112,866,900			271,930,856	282,243	272,213,099	221,566,169	0.149
2009	10,274,956	148,582,300			112,866,900			271,724,156	303,504	272,027,660	291,460,851	0.153
2010 (1)	7,706,342	117,871,100			96,639,000			222,216,442	296,750	222,513,192	183,169,439	0.288
2011	7,706,342	117,281,200			96,639,000			221,626,542	181,205	221,807,747	293,922,079	0.294
2012	7,706,342	113,294,000			95,854,100			216,854,442	216,831	217,071,273	237,476,831	0.302
2013	7,706,342	112,289,500			94,671,400			214,667,242		214,667,242	245,674,478	0.332
2014	8,046,342	110,198,600			94,671,400			212,916,342		212,916,342	220,231,964	0.366
2015	8,046,342	110,995,600			96,075,700			215,117,642		215,117,642	209,932,341	0.361
2016	8,369,700	115,538,000		\$ 642	97,748,000			221,656,342		221,656,342	207,183,882	0.347

N/A - Not Available

Source: County Abstract of Ratables

^a Tax rates are per \$100

(1) The Borough undertook a voluntary reassessment of real property which became effective for the calendar year 2010.

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

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		
		<u>Municipality</u>	<u>County</u>	<u>Total</u>
2007	\$ 0.146	\$ 0.316	\$ 0.138	\$ 0.600
2008	0.149	0.346	0.152	0.647
2009	0.153	0.383	0.166	0.702
2010 (2)	0.288	0.490	0.160	0.938
2011	0.294	0.490	0.268	1.052
2012	0.302	0.414	0.240	0.956
2013	0.332	0.414	0.260	1.006
2014	0.366	0.400	0.235	1.001
2015	0.361	0.394	0.234	0.989
2016	0.347	0.379	0.230	0.956

Source: Tax Collector

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

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

	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
8 King Rd, LLC	\$ 15,500,000	6.99%	NOT AVAILABLE	
4 Volvo Drive, Rockleigh, LLC	10,328,300	4.66%		
26 Rockleigh Rd, LLC	9,309,100	4.20%		
22 Link Drive Rockleigh, LLC	8,170,800	3.69%		
7 Volvo Drive, Rockleigh, LLC	6,838,000	3.08%		
15 Volvo Drive, Rockleigh, LLC	6,199,000	2.80%		
6 Volvo Drive, Rockleigh, LLC	5,117,400	2.31%		
1 Volvo Drive, Rockleigh, LLC	4,982,500	2.25%		
True World Group, LLC	4,848,700	2.19%		
Bromley Rockleigh	4,223,700	1.91%		
	<u>\$ 75,517,500</u>	<u>34.07%</u>		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 391,267	\$ 391,267	100.00%	\$ 278
2008	390,707	390,429	99.93%	
2009	406,335	406,335	100.00%	
2010	414,848	414,848	100.00%	
2011	641,222	641,222	100.00%	
2012	654,046	654,046	100.00%	
2013	654,046	654,046	100.00%	
2014	712,860	712,860	100.00%	
2015	777,847	777,847	100.00%	
2016	777,847	777,847	100.00%	

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

NOT APPLICABLE

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

NOT APPLICABLE

ROCKLEIGH BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Net Direct Debt of School Debt Borough of Rockleigh (1)	\$ 1,451,692	-	\$ 1,451,692
	<u>\$ 1,451,692</u>	<u>\$ -</u>	1,451,692
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (2)			<u>1,230,037</u>
Total Direct and Overlapping Debt			<u>\$ 2,681,729</u>

Sources:

- (1) Borough of Rockleigh 2015 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Borough by dividing the municipality's 2015 equalized value by the total equalized value for Bergen County for 2015

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis		
2015	\$	197,391,854
2014		203,689,220
2013		217,626,969
	<u>\$</u>	<u>618,708,043</u>
Average equalized valuation of taxable property		<u>\$ 206,236,014</u>
Debt limit (4% of average equalization value)		8,249,441
Total Net Debt Applicable to Limit		-
Legal debt margin		<u>\$ 8,249,441</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 7,863,622	\$ 8,158,698	\$ 5,494,327	\$ 8,831,729	\$ 9,884,055	\$ 9,952,468	\$ 10,298,585	\$ 9,318,090	\$ 8,867,400	\$ 8,249,441
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 7,863,622</u>	<u>\$ 8,158,698</u>	<u>\$ 5,494,327</u>	<u>\$ 8,831,729</u>	<u>\$ 9,884,055</u>	<u>\$ 9,952,468</u>	<u>\$ 10,298,585</u>	<u>\$ 9,318,090</u>	<u>\$ 8,867,400</u>	<u>\$ 8,249,441</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2007	-0-	\$ 68,147	388
2008	-0-	68,548	387
2009	-0-	64,571	388
2010	-0-	65,275	531
2011	-0-	68,244	525
2012	-0-	71,380	529
2013	5.2%	70,498	531
2014	4.7%	73,536	530
2015	4.5%	73,536 *	533
2016	4.5% *	73,536 *	533 *

* = Estimate

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

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

Employer	2016		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

**ROCKLEIGH BOARD OF EDUCATION
 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>
Support Services:										
Central services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	20	\$ 416,870	\$ 20,844	-0.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	18	431,095	23,950	14.90%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	23	557,822	24,253	1.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	27	651,700	24,137	-0.48%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	32	689,810	21,557	-10.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	29	602,238	20,767	-3.66%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	29	682,307	23,527	13.29%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	33	764,059	23,153	-1.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	33	670,950	20,332	-12.19%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	36	772,731	21,465	5.57%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: District records

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

N/A - not applicable

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

NOT APPLICABLE

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

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Educators Errors and Omissions	\$ 3,000,000	\$ 10,000
Official Bonds		
School Business Administrator	85,000	
Treasurer of School Monies	100,000	

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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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
Rockleigh Board of Education
Rockleigh, 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, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Rockleigh Board of Education’s basic financial statements and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rockleigh Board of Education’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 Rockleigh Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Rockleigh Board of Education’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

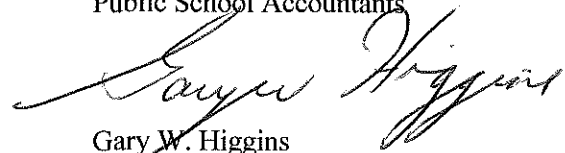
As part of obtaining reasonable assurance about whether the Rockleigh Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rockleigh Board of Education'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 Rockleigh Board of Education'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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 14, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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
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

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
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	July 1, 2015	Cash Received	Budgetary Expenditures	Balance, June 30, 2016			Memo	
				Deferred Revenue (Accts. Rec.)			(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
General Fund											
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	\$ 370		\$ 333	\$ 370	\$ (37)				\$ 370
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	370	\$ (37)	37						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	370		333	370	(37)				370
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	370	(37)	37	-					-
Total State Aid Public Cluster						740					740
TPAF Social Security Tax	16-100-034-5094-003	7/1/15-6/30/16	1,651		1,651	1,651					1,651
TPAF Social Security Tax	15-100-034-5094-003	7/1/14-6/30/15	1,619	(405)	405						
T.P.A.F. Pension Contributions - Post Retirement	16-495-034-5094-001	7/1/15-6/30/16	1,721		1,721	1,721					1,721
T.P.A.F. Pension Contributions - NCGI Premiums	16-495-034-5094-004	7/1/15-6/30/16	69		69	69					69
T.P.A.F. Pension Contributions - Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	1,377		1,377	1,377					1,377
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	6,970			6,970	(6,970)				6,970
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	3,979	(3,979)	3,979						
Nonpublic Transportation Aid	N/A	7/1/15-6/30/16	600			600	(600)			\$ (600)	600
Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	696	(696)	696						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	14,231		12,816	14,231	(1,415)				14,231
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	14,231	(1,415)	1,415	-	-	-	-	-	-
Total General Fund/State Financial Assistance Subject to Single Audit Determination				(6,569)	24,869	27,359	(9,059)	-	-	(600)	27,359
State Financial Assistance Not Subject to Major Program Determination											
General Fund											
T.P.A.F. Pension Contributions - Post Retirement	16-495-034-5094-001	7/1/15-6/30/16	1,721		(1,721)	(1,721)					(1,721)
T.P.A.F. Pension Contributions - NCGI Premiums	16-495-034-5094-004	7/1/15-6/30/16	69		(69)	(69)					(69)
T.P.A.F. Pension Contributions - Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	1,377		(1,377)	(1,377)					(1,377)
Total State Financial Assistance Subject to Major Program Determination				\$ (6,569)	\$ 21,702	\$ 24,192	\$ (9,059)	\$ -	\$ -	\$ (600)	\$ 24,192

Note - This schedule was not subject to a single audit pursuant to New Jersey OMB Circular 15-08.

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE SCHEDULE OF EXPENDITURES OF
 STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedule presents the activity of all state financial assistance programs of the Rockleigh Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule is prepared and presented using the budgetary basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. Therefore, some amounts presented in this schedule 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 on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$2,991 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>State</u>
General Fund	\$ <u>24,368</u>

NOTE 4 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$1,651 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 \$1,446 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,721 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 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 6 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.

ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Unmodified
- B) 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 none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

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