

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Hibernia, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Rockaway Township School District
Hibernia, New Jersey
For The Fiscal Year Ended June 30, 2017**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



ROCKAWAY TOWNSHIP PUBLIC SCHOOLS

Donnamarie Palmiere
Business Administrator/Board Secretary

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October 23, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Rockaway Township School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditor's Report, management's discussion and analysis, the financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped children. The District completed the 2016-2017 fiscal year with an average daily enrollment of 2395 students, which is a decrease of 11 students from the previous year's enrollment.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2016-2017	2395	-0.46%
2015-2016	2406	1.82%
2014-2015	2363	-1.86%
2013-2014	2407	-1.27%
2012-2013	2438	-2.09%
2011-2012	2490	-2.82%
2010-2011	2562	-2.17%
2009-2010	2619	-3.54%

2) ECONOMIC CONDITION AND OUTLOOK:

Rockaway Township has experienced small decrease in enrollment. Our population is expected to increase over the next several years with the development of new housing construction projects.

3) MAJOR INITIATIVES:

During the 2016-2017 the District purchased computers and upgraded the technology infrastructure. The wireless at Copeland Middle School was also upgraded to pave the way for a 1:1 Chrome Book initiative. The District completed a boiler project at the KDM and Copeland schools. A roof project was done at KDM on the gym area. A rooftop HVAC unit was installed at CAD. This project was partially funded using SDA (School Development Authority) grants. LED lighting retrofits were completed at KDM, BW and DBO. All of our schools have now been upgraded to LED lighting. Security upgrades were also done to CMS and KDM schools.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

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

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

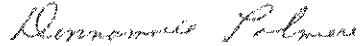
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District's broker, Morville Agency, oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20. The Board is a member of the School Alliance Insurance Fund (SAIF) and the New Jersey School Board Insurance Group (NJSBIG). The SAIF and NJSBIG are risk-sharing public entity risk pools that are both insured and self-administered groups of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the SAIF and NJSBIG is included in the "Notes to the Financial Statements".

9) OTHER INFORMATION:

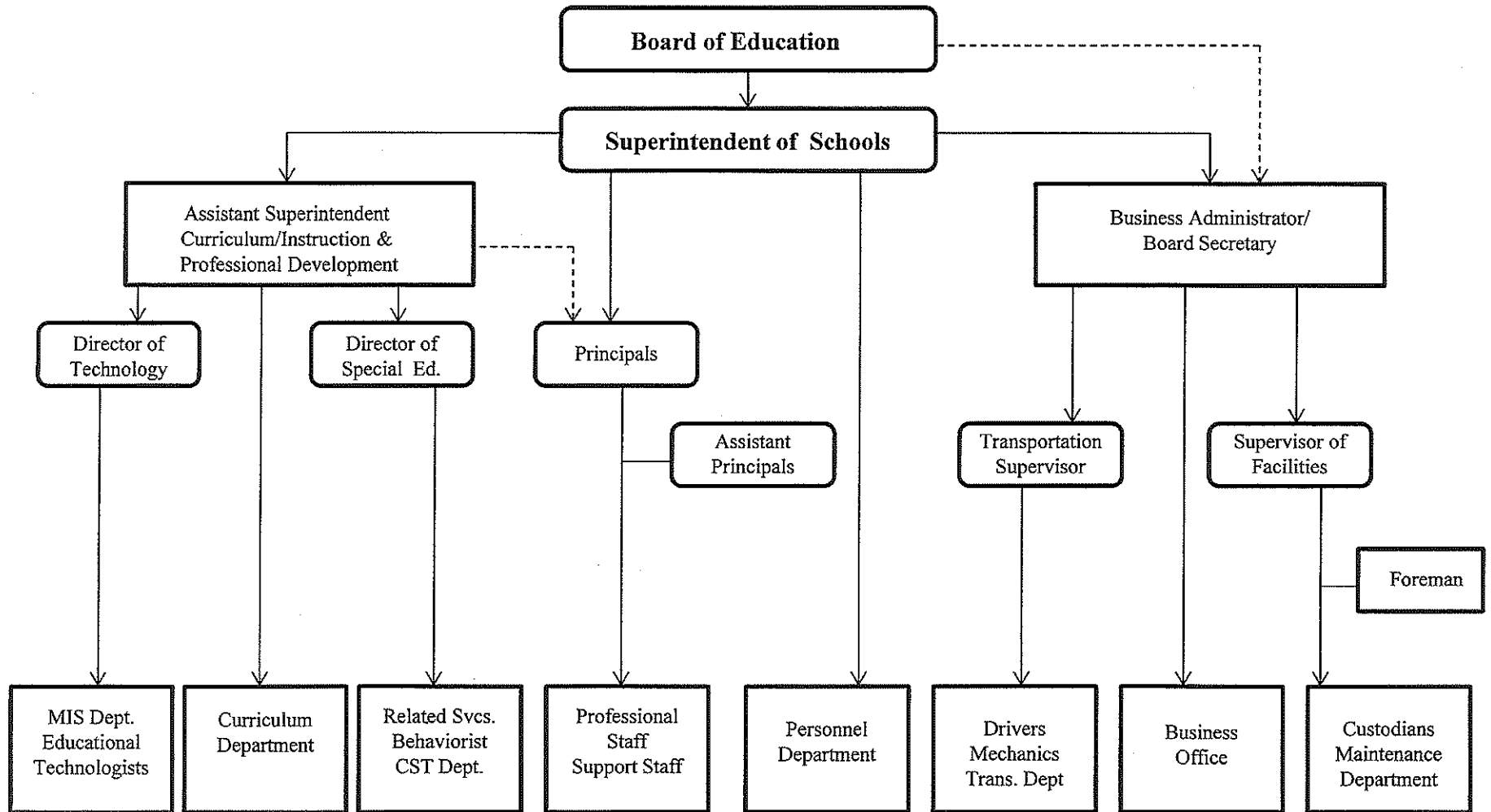
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the U.S Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the financial statements and required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



Donnamarie Palmiere
Board Secretary/Business Administrator



Adopted: 23 January 2013
Revised: 20 August 2014

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

**Roster of Officials
June 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Robert Kurland, President	2017
Susan Shanik Salny, Vice President	2019
Russell Babcock	2017
Rachel Brookes	2019
Rosemary Chabala	2018
Nancy Chirico	2019
Tara Maluszcak	2018

Other Officials

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depository

PNC National Bank
East Main Street
Rockaway, New Jersey 07866

Fulton Bank of New Jersey
272 US 46 East
Rockaway, New Jersey 07866

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District, as of and for the fiscal year ended June 30, 2017 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

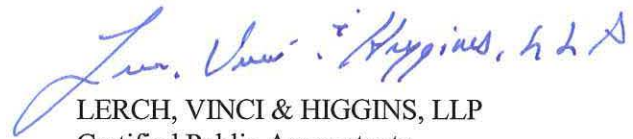
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockaway Township School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, financial schedules, statistical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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2017 on our consideration of the Rockaway Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rockaway Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rockaway Township School District's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 23, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the Rockaway Township School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- District-Wide - Overall revenues were \$64,604,515. General revenues accounted for \$45,805,298 or 71 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,799,217 or 29 percent of total revenues of \$64,604,515.
- District-Wide - The School District had \$63,818,999 in expenses; only \$18,799,217 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$45,805,298 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Rockaway Township School District's governmental funds reported combined ending fund balances of \$9,541,103 an increase of \$53,460 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017, the unassigned fund balance for the General Fund was \$1,075,772, an increase of \$353,209 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements and supplemental information. The financial statements include two kinds of statements that present different views of the District:

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

Table A-1 summarizes the major features of the Rockaway Township School District’s financial statements, including the portion of the Rockaway Township School District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows/inflows of resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- **Governmental funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

Fund Financial Statements (Continued)

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2017 and 2016. For 2017 and 2016 net position was \$11,892,451 and \$11,106,935 respectively.

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

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

**Table A-2
Statement of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	\$ 9,825,879	\$ 9,573,672	\$ 392,420	\$ 391,938	\$ 10,218,299	\$ 9,965,610
Capital Assets	<u>26,048,913</u>	<u>24,795,574</u>	<u>172,442</u>	<u>88,777</u>	<u>26,221,355</u>	<u>24,884,351</u>
Total Assets	<u>35,874,792</u>	<u>34,369,246</u>	<u>564,862</u>	<u>480,715</u>	<u>36,439,654</u>	<u>34,849,961</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	145,084	171,042			145,084	171,042
Deferred Amounts on Net Pension Liability	<u>5,976,539</u>	<u>2,638,612</u>	<u>-</u>	<u>-</u>	<u>5,976,539</u>	<u>2,638,612</u>
Total Deferred Outflows of Resources	<u>6,121,623</u>	<u>2,809,654</u>	<u>-</u>	<u>-</u>	<u>6,121,623</u>	<u>2,809,654</u>
Total Assets and Deferred Outflows of of Resources	<u>41,996,415</u>	<u>37,178,900</u>	<u>564,862</u>	<u>480,715</u>	<u>42,561,277</u>	<u>37,659,615</u>
Liabilities						
Long-Term Liabilities	28,884,111	25,742,346			28,884,111	25,742,346
Other Liabilities	<u>323,561</u>	<u>106,906</u>	<u>215,607</u>	<u>112,032</u>	<u>539,168</u>	<u>218,938</u>
Total Liabilities	<u>29,207,672</u>	<u>25,849,252</u>	<u>215,607</u>	<u>112,032</u>	<u>29,423,279</u>	<u>25,961,284</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			1,516	1,747	1,516	1,747
Deferred Amounts on Net Pension Liability	<u>1,244,031</u>	<u>589,649</u>	<u>-</u>	<u>-</u>	<u>1,244,031</u>	<u>589,649</u>
Total Deferred Inflows of Resources	<u>1,244,031</u>	<u>589,649</u>	<u>1,516</u>	<u>1,747</u>	<u>1,245,547</u>	<u>591,396</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,451,703</u>	<u>26,438,901</u>	<u>217,123</u>	<u>113,779</u>	<u>30,668,826</u>	<u>26,552,680</u>
Net Position						
Net Investment in Capital Assets	20,449,774	18,497,801	172,442	88,777	20,622,216	18,586,578
Restricted	6,167,938	6,105,971			6,167,938	6,105,971
Unrestricted	<u>(15,073,000)</u>	<u>(13,863,773)</u>	<u>175,297</u>	<u>278,159</u>	<u>(14,897,703)</u>	<u>(13,585,614)</u>
Total Net Position	<u>\$ 11,544,712</u>	<u>\$ 10,739,999</u>	<u>\$ 347,739</u>	<u>\$ 366,936</u>	<u>\$ 11,892,451</u>	<u>\$ 11,106,935</u>

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

Governmental activities. Governmental activities for 2017 increased the District's net position by \$804,713. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

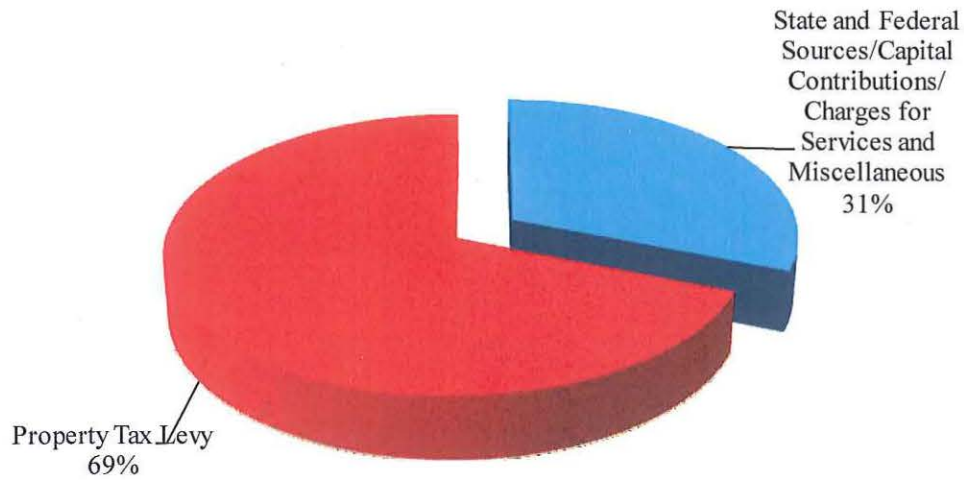
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 350,132	\$ 267,883	\$ 613,464	\$ 620,070	\$ 963,596	\$ 887,953
Operating Grants and Contributions	17,514,108	13,814,981	230,893	231,450	17,745,001	14,046,431
Capital Grants and Contributions	90,620	318,487			90,620	318,487
General Revenues						
Property Taxes	43,919,238	43,080,841			43,919,238	43,080,841
Unrestricted Federal/State Aid	1,514,246	1,532,026			1,514,246	1,532,026
Other	371,489	558,892	325	295	371,814	559,187
Total Revenues	63,759,833	59,573,110	844,682	851,815	64,604,515	60,424,925
Expenses						
Instruction						
Regular	23,382,377	21,316,919			23,382,377	21,316,919
Special Education	10,938,722	10,011,955			10,938,722	10,011,955
Other Instruction	1,655,602	1,429,835			1,655,602	1,429,835
School Sponsored Activities and Ath.	60,424	56,636			60,424	56,636
Support Services						
Student and Instruction Related Serv.	12,757,414	11,314,387			12,757,414	11,314,387
General Administrative Services	2,187,221	1,569,870			2,187,221	1,569,870
School Administrative Services	2,576,655	2,774,543			2,576,655	2,774,543
Administrative Information Technology	809,171	834,893			809,171	834,893
Central Services	802,796	754,374			802,796	754,374
Plant Operations and Maintenance	4,515,865	4,484,489			4,515,865	4,484,489
Pupil Transportation	3,182,434	2,549,796			3,182,434	2,549,796
Food Services			763,464	737,758	763,464	737,758
Other Programs			100,415	114,623	100,415	114,623
Interest on Long-Term Debt	86,439	188,673	-	-	86,439	188,673
Total Expenses	62,955,120	57,286,370	863,879	852,381	63,818,999	58,138,751
Change in Net Position	804,713	2,286,740	(19,197)	(566)	785,516	2,286,174
Net Position, Beginning of Year	10,739,999	8,453,259	366,936	367,502	11,106,935	8,820,761
Net Position, End of Year	<u>\$ 11,544,712</u>	<u>\$ 10,739,999</u>	<u>\$ 347,739</u>	<u>\$ 366,936</u>	<u>\$ 11,892,451</u>	<u>\$ 11,106,935</u>

Governmental activities. The District's total governmental revenues were \$63,759,833. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$45,804,973 or 72% of total revenues. Funding from state and federal sources and capital contributions amounted to \$17,604,728 or 28%. In addition, charges for services from tuition and transportation fees of \$350,132 represent less than 1% of revenues.

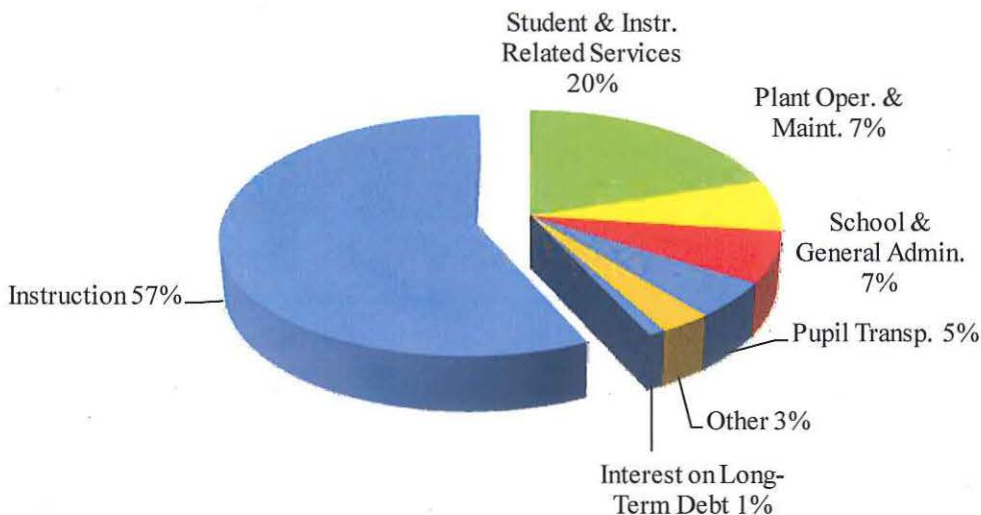
DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE (Continued)

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$36,037,125 (57%), student support services totaled \$26,831,556 (43%) and interest on long-term debt total \$86,439 represents less than (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2017



Expenditures by Type- Governmental Activities
For Fiscal Year 2017



Net Cost of Governmental Activities. The District's total cost of services was \$63,955,120. After applying program revenues, derived from operating and capital grants and contributions of \$17,604,728, and charges for services of \$350,132 the net cost of services of the District is \$45,000,260 for the fiscal year ended June 30, 2017.

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

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 23,382,377	\$ 21,316,919	\$ 16,083,863	\$ 15,909,778
Special Education	10,938,722	10,011,955	5,166,741	4,917,974
Other Instruction	1,655,602	1,429,835	1,098,362	1,044,593
School Sponsored Activities and Athletics	60,424	56,636	60,424	56,636
Support Services				
Student and Instruction Related Svcs.	12,757,414	11,314,387	9,273,404	8,821,269
General Administrative Services	2,187,221	1,569,870	2,187,221	1,569,870
School Administrative Services	2,576,655	2,774,543	2,250,273	2,345,382
Administrative Information Technology	809,171	834,893	809,171	777,897
Central Services	802,796	754,374	721,786	710,728
Plant Operations and Maintenance	4,515,865	4,484,489	4,375,657	4,012,380
Pupil Transportation	3,182,434	2,549,796	2,886,919	2,529,839
Interest on Long-Term Debt	86,439	188,673	86,439	188,673
 Total Governmental Activities	 \$ 62,955,120	 \$ 57,286,370	 \$ 45,000,260	 \$ 42,885,019

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$863,879. These costs were funded by operating grants and charges for services (Detailed on Table A-3). The operations resulted in a decrease in net position of \$19,197.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$9,541,103. In 2015-2016 the fund balance was \$9,487,643. The District's Fund balance has decreased due to expenditures in the Capital Project Fund where revenues to fund the projects have not yet been realized.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$54,736,776 and expenditures were \$55,089,949.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 44,641,859	\$ 43,908,316	\$ 733,543	1.67%
State Sources	8,978,550	8,551,420	427,130	4.99%
Federal Sources	<u>1,116,367</u>	<u>1,215,029</u>	<u>(98,662)</u>	-8.12%
 Total Revenues	 <u>\$ 54,736,776</u>	 <u>\$ 53,674,765</u>	 <u>\$ 1,062,011</u>	 1.98%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2017 and 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 28,324,570	\$ 27,829,132	\$ 495,438	1.78%
Support Services	22,393,134	21,596,968	796,166	3.69%
Debt Service	1,173,798	1,911,075	(737,277)	-38.58%
Capital Outlay	<u>3,198,447</u>	<u>4,567,703</u>	<u>(1,369,256)</u>	-29.98%
Total Expenditures	<u>\$ 55,089,949</u>	<u>\$ 55,904,878</u>	<u>\$ (814,929)</u>	-1.46%

General Fund Budgetary Highlights

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

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

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

Capital Assets. The Rockaway Township School District's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$26,221,355 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 3,242,866	\$ 3,242,866			\$ 3,242,866	\$ 3,242,866
Construction in Progress	983,801	1,669,570			983,801	1,669,570
Buildings and Building Improvements	31,412,644	29,318,706			31,412,644	29,318,706
Machinery and Equipment	<u>11,623,130</u>	<u>10,221,846</u>	<u>\$ 547,052</u>	<u>\$ 429,129</u>	<u>12,170,182</u>	<u>10,650,975</u>
Total	47,262,441	44,452,988	547,052	429,129	47,809,493	44,882,117
Less: Accumulated Depreciation	<u>21,213,528</u>	<u>19,657,414</u>	<u>374,610</u>	<u>340,352</u>	<u>21,588,138</u>	<u>19,997,766</u>
Total	<u>\$ 26,048,913</u>	<u>\$ 24,795,574</u>	<u>\$ 172,442</u>	<u>\$ 88,777</u>	<u>\$ 26,221,355</u>	<u>\$ 24,884,351</u>

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

Debt Administration. As of June 30, 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$28,884,111 as stated in Table A-6.

Long-Term Liabilities

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Balance</u> <u>June 30, 2016</u>
General Obligation Bonds, Gross	\$ 4,286,366	\$ 4,809,244
Obligations Under Capital Leases	1,457,857	1,659,571
Other Long-Term Liabilities	1,352,777	1,368,672
Net Pension Liability	<u>21,787,111</u>	<u>17,904,859</u>
 Total	 <u>\$ 28,884,111</u>	 <u>\$ 25,742,346</u>

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

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

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

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

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,450,526	\$ 348,568	\$ 9,799,094
Receivables, net	375,353	38,445	413,798
Inventory		5,176	5,176
Prepaid Expense		231	231
Capital Assets, net			
Not Being Depreciated	4,226,667		4,226,667
Being Depreciated	<u>21,822,246</u>	<u>172,442</u>	<u>21,994,688</u>
Total Assets	<u>35,874,792</u>	<u>564,862</u>	<u>36,439,654</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	145,084		145,084
Deferred Amounts on Net Pension Liability	<u>5,976,539</u>	<u>-</u>	<u>5,976,539</u>
Total Deferred Outflows of Resources	<u>6,121,623</u>	<u>-</u>	<u>6,121,623</u>
Total Assets and Deferred Outflows of Resources	<u>41,996,415</u>	<u>564,862</u>	<u>42,561,277</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	222,996	150,230	373,226
Unearned Revenue	61,780	65,377	127,157
Accrued Interest Payable	38,785		38,785
Noncurrent Liabilities			
Due Within One Year	1,011,389		1,011,389
Due Beyond One Year	<u>27,872,722</u>	<u>-</u>	<u>27,872,722</u>
Total Liabilities	<u>29,207,672</u>	<u>215,607</u>	<u>29,423,279</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		1,516	1,516
Deferred Amounts on Net Pension Liability	<u>1,244,031</u>	<u>-</u>	<u>1,244,031</u>
Total Deferred Inflows of Resources	<u>1,244,031</u>	<u>1,516</u>	<u>1,245,547</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,451,703</u>	<u>217,123</u>	<u>30,668,826</u>
NET POSITION			
Net Investment in Capital Assets	20,449,774	172,442	20,622,216
Restricted for			
Debt Service	12,485		12,485
Capital Projects	6,155,453		6,155,453
Unrestricted	<u>(15,073,000)</u>	<u>175,297</u>	<u>(14,897,703)</u>
Total Net Position	<u>\$ 11,544,712</u>	<u>\$ 347,739</u>	<u>\$ 11,892,451</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 23,382,377	\$ 61,023	\$ 7,237,491		\$ (16,083,863)		\$ (16,083,863)
Special Education	10,938,722	173,981	5,598,000		(5,166,741)		(5,166,741)
Other Instruction	1,655,602		557,240		(1,098,362)		(1,098,362)
School Sponsored Activities and Athletics	60,424				(60,424)		(60,424)
Support Services							
Student and Instruction Related Services	12,757,414		3,484,010		(9,273,404)		(9,273,404)
General Administrative Services	2,187,221				(2,187,221)		(2,187,221)
School Administrative Services	2,576,655		326,382		(2,250,273)		(2,250,273)
Administrative Information Technology	809,171				(809,171)		(809,171)
Central Services	802,796		81,010		(721,786)		(721,786)
Plant Operations and Maintenance	4,515,865		49,588	\$ 90,620	(4,375,657)		(4,375,657)
Pupil Transportation	3,182,434	115,128	180,387		(2,886,919)		(2,886,919)
Interest on Long-Term Debt	86,439	-	-	-	(86,439)	-	(86,439)
Total Governmental Activities	62,955,120	350,132	17,514,108	90,620	(45,000,260)	-	(45,000,260)
Business-Type Activities							
Food Service	763,464	512,318	230,893	-	-	\$ (20,253)	(20,253)
Other Programs	100,415	101,146	-	-	-	731	731
Total Business-Type Activities	863,879	613,464	230,893	-	-	(19,522)	(19,522)
Total Primary Government	\$ 63,818,999	\$ 963,596	\$ 17,745,001	\$ 90,620	(45,000,260)	(19,522)	(45,019,782)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					43,508,678		43,508,678
Property Taxes Levied for Debt Service					410,560		410,560
State Aid - Unrestricted					1,380,823		1,380,823
State Aid for Debt Service Principal					133,423		133,423
Miscellaneous Income					351,544		351,544
Interest					19,945	325	20,270
Total General Revenues					45,804,973	325	45,805,298
Change in Net Position					804,713	(19,197)	785,516
Net Position, Beginning of Year					10,739,999	366,936	11,106,935
Net Position, End of Year					\$ 11,544,712	\$ 347,739	\$ 11,892,451

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

FUND FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 9,438,041			\$ 12,485	\$ 9,450,526
Due from Other Funds	156,491				156,491
Other Receivables	54,226				54,226
Receivables from Other Governments	<u>88,269</u>	<u>\$ 80,458</u>	<u>\$ 152,400</u>	<u>-</u>	<u>321,127</u>
Total Assets	<u>\$ 9,737,027</u>	<u>\$ 80,458</u>	<u>\$ 152,400</u>	<u>\$ 12,485</u>	<u>\$ 9,982,370</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Other Liabilities	\$ 148,407	\$ 16,530	\$ 9,000		\$ 173,937
Accrued Salaries	47,955				47,955
Due to Other Governments		1,104			1,104
Unearned Revenue			61,780		61,780
Due to Other Funds	<u>-</u>	<u>62,824</u>	<u>93,667</u>	<u>-</u>	<u>156,491</u>
Total Liabilities	<u>196,362</u>	<u>80,458</u>	<u>164,447</u>	<u>-</u>	<u>441,267</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	637,752				637,752
Excess Surplus - Designated for Subsequent Year's Expenditures	764,322				764,322
Capital Reserve	2,511,880				2,511,880
Capital Reserve - Designated for Subsequent Year's Expenditures	3,655,620				3,655,620
Debt Service				\$ 12,485	12,485
Assigned Fund Balance					
Year-End Encumbrances	895,319				895,319
Unassigned Fund Balance	<u>1,075,772</u>	<u>-</u>	<u>(12,047)</u>	<u>-</u>	<u>1,063,725</u>
Total Fund Balances (Deficits)	<u>9,540,665</u>	<u>-</u>	<u>(12,047)</u>	<u>12,485</u>	<u>9,541,103</u>
Total Liabilities and Fund Balances	<u>\$ 9,737,027</u>	<u>\$ 80,458</u>	<u>\$ 152,400</u>	<u>\$ 12,485</u>	<u>\$ 9,982,370</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1)		\$ 9,541,103
 <i>Amounts reported for governmental activities in the statement of net Position (A-1) are different because:</i>		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$47,262,441 and the accumulated depreciation is \$21,213,528.		
		26,048,913
 The District has financial capital assets through the issuance of serial bonds. The interest accrual at year end is:		
		(38,785)
 Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of resources	\$ 5,976,539	
Deferred Inflows of Resources	<u>(1,244,031)</u>	
		4,732,508
 Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable, including unamortized Premium	(4,286,366)	
Deferred Outflows of Resources- Deferred		
Amounts on Refunding of Debt	145,084	
Compensated Absences	(1,352,777)	
Lease Payable	(1,457,857)	
Net Pension Liability	<u>(21,787,111)</u>	
		<u>(28,739,027)</u>
 Net Position (Exhibit A-1)		 \$ <u>11,544,712</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 43,508,678			\$ 410,560	\$ 43,919,238
Tuition	235,004				235,004
Miscellaneous	474,315	\$ 1,000	-	12,302	487,617
Total - Local Sources	44,217,997	1,000	-	422,862	44,641,859
State Sources	8,749,401	5,106	\$ 90,620	133,423	8,978,550
Federal Sources	373,287	743,080	-	-	1,116,367
Total Revenues	53,340,685	749,186	90,620	556,285	54,736,776
EXPENDITURES					
Current					
Regular Instruction	18,144,702	80,353			18,225,055
Special Education Instruction	8,174,253	561,143			8,735,396
Other Instruction	1,300,602	3,093			1,303,695
School-Sponsored Activities and Athletics	60,424				60,424
Support Services and Undistributed Costs:					
Student and Instruction Related Services	10,138,392	104,597			10,242,989
General Administrative Services	972,930				972,930
School Administrative Services	2,431,507				2,431,507
Administrative Information Technology	785,801				785,801
Central Services	723,448				723,448
Plant Operations and Maintenance	4,423,198				4,423,198
Pupil Transportation	2,813,261				2,813,261
Debt Service					
Principal	608,347			445,000	1,053,347
Interest and Other Charges	21,648			98,803	120,451
Capital Outlay	2,169,246	-	1,029,201	-	3,198,447
Total Expenditures	52,767,759	749,186	1,029,201	543,803	55,089,949
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	572,926	-	(938,581)	12,482	(353,173)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	406,633				406,633
Transfers In	128,812		1,112,896		1,241,708
Transfers Out	(1,112,896)	-	(128,812)	-	(1,241,708)
Total Other Financing Sources and Uses	(577,451)	-	984,084	-	406,633
Net Change in Fund Balances	(4,525)	-	45,503	12,482	53,460
Fund Balance, Beginning of Year	9,545,190	-	(57,550)	3	9,487,643
Fund Balance (Deficits), End of Year	\$ 9,540,665	\$ -	\$ (12,047)	\$ 12,485	\$ 9,541,103

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 53,460**

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

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

Capital Outlay	\$ 3,198,447	
Depreciation Expense	(1,761,670)	
Loss on Disposal of Assets	<u>(183,438)</u>	
		1,253,339

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

Decrease in Compensated Absences	15,895	
Increase in Pension Expense	<u>(1,198,707)</u>	
		(1,182,812)

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

Serial Bonds	445,000	
Lease Purchase Agreement	<u>608,347</u>	
		1,053,347

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

Lease Purchase Proceeds		(406,633)
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The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Premium on Bond Proceeds	77,878	
Amortization of Deferred Amounts on Refunding	<u>(25,958)</u>	
		51,920

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

Increase in Accrued Interest		<u>(17,908)</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 804,713**

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 292,222	\$ 56,346	\$ 348,568
Intergovernmental Receivable			
State	1,351		1,351
Federal	37,094		37,094
Prepaid Expense		231	231
Inventories	5,176	-	5,176
	<u>335,843</u>	<u>56,577</u>	<u>392,420</u>
Total Current Assets			
Capital Assets			
Equipment	547,052		547,052
Less: Accumulated Depreciation	(374,610)	-	(374,610)
	<u>172,442</u>	<u>-</u>	<u>172,442</u>
Total Capital Assets, Net			
	<u>508,285</u>	<u>56,577</u>	<u>564,862</u>
Total Assets			
LIABILITIES			
Accounts Payable	150,230		150,230
Unearned Revenue	16,854	48,523	65,377
	<u>167,084</u>	<u>48,523</u>	<u>215,607</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	1,516	-	1,516
	<u>168,600</u>	<u>48,523</u>	<u>217,123</u>
Total Liabilities and Deferred Inflows of Resources			
NET POSITION			
Investment in Capital Assets	172,442		172,442
Unrestricted	167,243	8,054	175,297
	<u>339,685</u>	<u>8,054</u>	<u>347,739</u>
Total Net Position			

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales			
Reimbursable Programs	\$ 307,046		\$ 307,046
Non - Reimbursable Programs	199,079		199,079
Special Functions	5,429		5,429
Program Fees	<u>764</u>	<u>\$ 101,146</u>	<u>101,910</u>
 Total Operating Revenues	 <u>512,318</u>	 <u>101,146</u>	 <u>613,464</u>
OPERATING EXPENSES			
Cost of Sales - Non Programs	93,639		93,639
Cost of Sales - Reimbursable Programs	242,345		242,345
Salaries and Employee Benefits	304,381	95,066	399,447
Purchased Professional Services	66,175		66,175
Supplies and Materials	22,666	3,523	26,189
Transportation		1,826	1,826
Depreciation	<u>34,258</u>	<u>-</u>	<u>34,258</u>
 Total Operating Expenses	 <u>763,464</u>	 <u>100,415</u>	 <u>863,879</u>
 Operating Income/(Loss)	 <u>(251,146)</u>	 <u>731</u>	 <u>(250,415)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	6,682		6,682
Federal Sources			
National School Lunch Program	170,998		170,998
National School Breakfast Program	11,211		11,211
Food Distribution Program	42,002		42,002
Local Sources			
Interest Income	<u>316</u>	<u>9</u>	<u>325</u>
 Total Nonoperating Revenues	 <u>231,209</u>	 <u>9</u>	 <u>231,218</u>
 Change in Net Position	 (19,937)	 740	 (19,197)
 Total Net Position, Beginning of Year	 <u>359,622</u>	 <u>7,314</u>	 <u>366,936</u>
 Total Net Position, End of Year	 <u>\$ 339,685</u>	 <u>\$ 8,054</u>	 <u>\$ 347,739</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 514,432	\$ 101,995	\$ 616,427
Cash Payments for Employees' Salaries and Benefits	(370,556)	(95,066)	(465,622)
Cash Payments to Suppliers for Goods and Services	(217,649)	(5,139)	(222,788)
Net Cash Provided by (Used for) by Operating Activities	<u>(73,773)</u>	<u>1,790</u>	<u>(71,983)</u>
Cash Flows from Investing Activities			
Interest Income	<u>316</u>	<u>9</u>	<u>325</u>
Net Cash Provided by Investing Activities	<u>316</u>	<u>9</u>	<u>325</u>
Cash Flows from Capital And Related Financing Activities			
Acquisition of Capital Assets	<u>(117,923)</u>	<u>-</u>	<u>(117,923)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(117,923)</u>	<u>-</u>	<u>(117,923)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>186,856</u>	<u>-</u>	<u>186,856</u>
Net Cash Provided by Noncapital Financing Activities	<u>186,856</u>	<u>-</u>	<u>186,856</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,524)	1,799	(2,725)
Cash and Cash Equivalents, Beginning of Year	<u>296,746</u>	<u>54,547</u>	<u>351,293</u>
Cash and Cash Equivalents, End of Year	<u>\$ 292,222</u>	<u>\$ 56,346</u>	<u>\$ 348,568</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income/(Loss)	\$ (251,146)	\$ 731	\$ (250,415)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	34,258		34,258
Federal Food Distribution Program - Non-Cash (USDA)	42,002		42,002
Change in Assets and Liabilities/Deferred Inflows of Resources			
(Increase)/Decrease in Prepaid Sales		210	210
(Increase)/Decrease in Inventory	(1,382)		(1,382)
Increase/(Decrease) in Accounts Payable	100,612		100,612
Increase/(Decrease) in Unearned Revenue	2,114	849	2,963
Increase/(Decrease) in Deferred Commodities Revenue	(231)	-	(231)
Total Adjustments	<u>177,373</u>	<u>1,059</u>	<u>178,432</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (73,773)</u>	<u>\$ 1,790</u>	<u>\$ (71,983)</u>
Non-Cash Inventory Capital and Financing Activities			
Value Received - Food Distribution Program	\$ 41,771		

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 354,868	\$ 350,294
 Total Assets	 <u>354,868</u>	 <u>\$ 350,294</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 206,158
Due to State of New Jersey	\$ 13,180	
Accrued Salaries and Wages		294
Due to Family Outreach		277
Due to Flex Spending		7,891
Due to Student Groups	-	135,674
 Total Liabilities	 <u>13,180</u>	 <u>\$ 350,294</u>
 NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 341,688</u>	

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Employees	\$ 91,517
Investment Earnings	
Interest	171
Total Additions	91,688
DEDUCTIONS	
Unemployment Claims and Contributions	87,332
Total Deductions	87,332
Change in Net Position	4,356
Net Position, Beginning of Year	337,332
Net Position, End of Year	\$ 341,688

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

NOTES TO THE FINANCIAL STATEMENTS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements as required:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Prepaid Items

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

7. *Compensated Absences*

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations (Continued)*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,028,489. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$12,047 in the Capital Projects Fund. The District expects to eliminate this deficit through normal operations in the 2017/2018 fiscal year through transfers of capital reserve funds.

C. Capital Reserve

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 6,163,518
Increased by:		
Interest Earnings	\$ 13,748	
Unexpended Capital Outlay Appropriations	1,138,510	
Unexpended Reserve Returned from Capital Projects Fund	128,812	
Deposits Approved by Board Resolution	<u>974,318</u>	
		<u>2,255,388</u>
		8,418,906
Withdrawals:		
Approved in District Budget		<u>2,251,406</u>
Balance, June 30, 2017		<u>\$ 6,167,500</u>

The District's 2017/18 budget included a withdrawal from capital reserve account of \$3,655,620.

D. 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, 2017 is \$1,402,074. Of this amount, \$764,322 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$637,752 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$10,504,256 and bank and brokerage firm balances of the Board's deposits amounted to \$11,626,213. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured \$ 11,626,213

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 none of the Board's bank balance were exposed to custodial credit risk.

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, 2017, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 80,458		\$ 37,094	\$ 117,552
State	\$ 88,269		\$ 152,400	1,351	242,020
Other	54,226	-	-	-	54,226
Gross Receivables	142,495	80,458	152,400	38,445	413,798
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 142,495</u>	<u>\$ 80,458</u>	<u>\$ 152,400</u>	<u>\$ 38,445</u>	<u>\$ 413,798</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Capital Projects Fund	
Unrealized School Facility Grants	\$ <u>61,780</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>61,780</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,242,866				\$ 3,242,866
Construction in Progress	<u>1,669,570</u>	\$ 298,758	<u>-</u>	\$ (984,527)	<u>983,801</u>
Total Capital Assets, Not Being Depreciated	<u>4,912,436</u>	<u>298,758</u>	<u>-</u>	<u>(984,527)</u>	<u>4,226,667</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	29,318,706	1,109,411		984,527	31,412,644
Machinery and Equipment	<u>10,221,846</u>	<u>1,790,278</u>	\$ (388,994)	<u>-</u>	<u>11,623,130</u>
Total Capital Assets Being Depreciated	<u>39,540,552</u>	<u>2,899,689</u>	<u>(388,994)</u>	<u>984,527</u>	<u>43,035,774</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(14,358,435)	(999,329)			(15,357,764)
Machinery and Equipment	<u>(5,298,979)</u>	<u>(762,341)</u>	<u>205,556</u>	<u>-</u>	<u>(5,855,764)</u>
Total Accumulated Depreciation	<u>(19,657,414)</u>	<u>(1,761,670)</u>	<u>205,556</u>	<u>-</u>	<u>(21,213,528)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,883,138</u>	<u>1,138,019</u>	<u>(183,438)</u>	<u>984,527</u>	<u>21,822,246</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,795,574</u>	<u>\$ 1,436,777</u>	<u>\$ (183,438)</u>	<u>\$ -</u>	<u>\$ 26,048,913</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 429,129	\$ 117,923	-	\$ 547,052
Total Capital Assets Being Depreciated	<u>429,129</u>	<u>117,923</u>	<u>-</u>	<u>547,052</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(340,352)</u>	<u>(34,258)</u>	<u>-</u>	<u>(374,610)</u>
Total Accumulated Depreciation	<u>(340,352)</u>	<u>(34,258)</u>	<u>-</u>	<u>(374,610)</u>
Total Capital Assets, Being Depreciated, Net	<u>88,777</u>	<u>83,665</u>	<u>-</u>	<u>172,442</u>
Business-Type Activities Capital Assets, Net	<u>\$ 88,777</u>	<u>\$ 83,665</u>	<u>\$ -</u>	<u>\$ 172,442</u>

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

Governmental Activities:

Instruction	
Regular	\$ 684,128
Special	341,607
Other Education Instruction	<u>2,366</u>
Total Instruction	<u>1,028,101</u>
Support Services	
Student and Instruction Related Services	379,005
School Administrative Services	16,680
General Administrative Services	93,698
Plant Operations and Maintenance	108,389
Pupil Transportation	85,510
Administrative Information Technology	23,370
Central Services	<u>26,917</u>
Total Support Services	<u>733,569</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,761,670</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 34,258</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Birchwood Elementary - HVAC Improvements	\$ 914,800	\$ 49,733
Security Cameras		139,725
Copeland Middle School - Serving/Deli Line	-	108,902
	<u>\$ 914,800</u>	<u>\$ 298,360</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 62,824
General Fund	Capital Projects Fund	<u>93,667</u>
		<u>\$ 156,491</u>

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

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 1,112,896	\$ 1,112,896
Capital Projects	\$ 128,812	-	<u>128,812</u>
Total Transfers Out	<u>\$ 128,812</u>	<u>\$ 1,112,896</u>	<u>\$ 1,241,708</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing various vehicles, buses and copiers totaling \$3,049,012 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 550,068
2019	462,788
2020	349,605
2021	<u>135,069</u>
Total minimum lease payments	1,497,530
Less: amount representing interest	<u>(39,673)</u>
Present value of minimum lease payments	<u>\$ 1,457,857</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$4,395,000, Refunding School Bonds, due in annual installments of \$410,000 to \$580,000 through September 1, 2024, interest at 2.00% to 4.00%	<u>\$ 3,950,000</u>
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**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2018	\$ 410,000	\$ 132,200	\$ 542,200
2019	420,000	121,800	541,800
2020	430,000	109,050	539,050
2021	500,000	95,100	595,100
2022	515,000	77,300	592,300
2023-2026	<u>1,675,000</u>	<u>102,300</u>	<u>1,777,300</u>
	<u>\$ 3,950,000</u>	<u>\$ 637,750</u>	<u>\$ 4,587,750</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 115,894,648
Less: Net Debt	<u>3,950,000</u>
Remaining Borrowing Power	<u>\$ 111,944,648</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	Issued	Reductions	Balance, June 30, 2017	Due Within One Year
Governmental activities:					
Serial Bonds Payable	\$ 4,395,000		\$ 445,000	\$ 3,950,000	\$ 410,000
Add: Original Issue Premium	414,244	-	77,878	336,366	-
Total Serial Bonds Payable	4,809,244	-	522,878	4,286,366	410,000
Capital Leases Payable	1,659,571	\$ 406,633	608,347	1,457,857	530,020
Compensated Absences	1,368,672	157,584	173,479	1,352,777	71,369
Net Pension Liability	17,904,859	4,538,199	655,947	21,787,111	-
Governmental Activity Long-Term Liabilities	<u>\$25,742,346</u>	<u>\$ 5,102,416</u>	<u>\$ 1,960,651</u>	<u>\$ 28,884,111</u>	<u>\$ 1,011,389</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (SAIF) and the New Jersey School Board's Association Insurance Group (NJSBAIG). The SAIF provides the District with comprehensive general liability, automobile liability, property, boiler and machinery and school board legal liability insurance. The NJSBAIG provides the District with worker's compensation insurance coverage. The Groups are a risk sharing public entity pool, established for the purpose of providing low cost insurance for its respective members in order to keep local property taxes to a minimum.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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

<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
None	\$ 91,517	\$ 87,332	\$ 341,688
None	85,959	70,710	337,332
None	84,130	78,697	321,919

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 655,947	\$ 2,160,326	\$ 80,901
2016	685,735	1,514,859	69,591
2015	642,768	1,030,764	58,818

In addition for fiscal year 2016/2017 the District contributed \$1,666 for PERS and the State contributed \$4,064 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,462,087 during the fiscal year ended June 30, 2017 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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$21,787,111 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .07356 percent, which was an decrease of .0062 percent from its proportionate share measured as of June 30, 2015 of .07976 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,854,654 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 405,174	
Changes of Assumptions	4,513,126	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	830,762	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>227,477</u>	<u>\$ 1,244,031</u>
Total	<u>\$ 5,976,539</u>	<u>\$ 1,244,031</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 1,135,557
2019	1,135,557
2020	1,135,557
2021	1,068,900
2022	<u>256,937</u>
	<u>\$ 4,732,508</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 26,697,562</u>	<u>\$ 21,787,111</u>	<u>\$ 17,733,108</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$11,183,383 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$148,841,709. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .18920 percent, which was a decrease of .00146 percent from its proportionate share measured as of June 30, 2015 of .19066 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 177,750,263</u>	<u>\$ 148,841,709</u>	<u>\$ 125,234,144</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$1,800,043, \$1,803,779 and \$1,636,338, 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.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Rockaway Township School District, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 43,508,678		\$ 43,508,678	\$ 43,508,678	
Tuition	189,040		189,040	235,004	\$ 45,964
Transportation Fees	6,000		6,000	115,128	109,128
Interest Earned on Capital Reserve Funds	12,000		12,000	19,945	7,945
Miscellaneous	125,000	-	125,000	339,242	214,242
Total Revenues- Local Sources	43,840,718	-	43,840,718	44,217,997	377,279
State Sources					
Transportation Aid	166,910		166,910	166,910	
Special Education Aid	1,534,759		1,534,759	1,534,759	
Equalization Aid	854,190		854,190	854,190	
Security Aid	50,153		50,153	50,153	
Additional Adjustment Aid	82,223		82,223	82,223	
PARCC Readiness	22,585		22,585	22,585	
Per Pupil Growth Aid	22,585		22,585	22,585	
Prof Learning Com Aid	23,390		23,390	23,390	
Host District Aid	565		565	565	
Extraordinary Aid	-		-	594,674	594,674
Nonpublic Transportation Aid				16,182	16,182
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				2,084,789	2,084,789
NCGI Premium				75,537	75,537
Post-Retirement Medical Contribution				1,800,043	1,800,043
Long Term Disability				4,064	4,064
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,462,087	1,462,087
Total State Sources	2,757,360	-	2,757,360	8,794,736	6,037,376
Federal Sources					
Medicaid Reimbursement Program	31,840		31,840	8,249	(23,591)
Impact Aid	150,000	-	150,000	365,038	215,038
Total Federal Sources	181,840	-	181,840	373,287	191,447
Total Revenues	46,779,918	-	46,779,918	53,386,020	6,606,102
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	68,917	-	68,917	68,917	-
Kindergarten	900,213	\$ (4,002)	896,211	866,819	29,392
Grades 1-5	6,650,542	(10,693)	6,639,849	6,410,538	229,311
Grades 6-8	4,078,473	(19,214)	4,059,259	3,749,855	309,404
Regular Programs - Home Instruction					
Salaries of Teachers	28,000	5,484	33,484	33,484	-
Purchased Professional-Educational Services	15,000	-	15,000	3,815	11,185
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	297,200	24,590	321,790	315,540	6,250
Purchased Professional-Educational Services	238,080	12,693	250,773	243,359	7,414
Other Purchased Services	1,000	-	1,000	1,000	1,000
General Supplies	502,952	325,485	828,437	509,345	319,092
Textbooks	143,900	(23,901)	119,999	99,692	20,307
Other Objects	30,000	(4,680)	25,320	20,590	4,730
Total Regular Programs	12,954,277	305,762	13,260,039	12,321,954	938,085

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 419,810	\$ (19,829)	\$ 399,981	\$ 320,680	\$ 79,301
Other Salaries for Instruction	38,255	1,988	40,243	39,357	886
General Supplies	4,750	(2,984)	1,766	575	1,191
Total Learning and/or Language Disabilities	<u>462,815</u>	<u>(20,825)</u>	<u>441,990</u>	<u>360,612</u>	<u>81,378</u>
Auditory Impairments					
Salaries of Teachers	49,424	(49,424)	-	-	-
Total Auditory Impairments	<u>49,424</u>	<u>(49,424)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Behavioral Disabilities					
Salaries of Teachers	260,625	(7,478)	253,147	242,940	10,207
Other Salaries for Instruction	24,888	9,804	34,692	34,272	420
General Supplies	700	(700)	-	-	-
Total Behavioral Disabilities	<u>286,213</u>	<u>1,626</u>	<u>287,839</u>	<u>277,212</u>	<u>10,627</u>
Multiple Disabilities					
Salaries of Teachers	221,560	(49,525)	172,035	171,168	867
Other Salaries for Instruction	68,397	(3,561)	64,836	63,859	977
General Supplies	4,150	(3,701)	449	449	-
Other Objects	1,400	1,117	2,517	2,446	71
Total Multiple Disabilities	<u>295,507</u>	<u>(55,670)</u>	<u>239,837</u>	<u>237,922</u>	<u>1,915</u>
Resource Room					
Salaries of Teachers	3,241,398	12,623	3,254,021	3,254,020	1
Other Salaries for Instruction	60,930	18,895	79,825	79,824	1
General Supplies	9,200	(6,862)	2,338	2,338	-
Total Resource Room	<u>3,311,528</u>	<u>24,656</u>	<u>3,336,184</u>	<u>3,336,182</u>	<u>2</u>
Autism					
Salaries of Teachers	346,235	3,316	349,551	349,392	159
Other Salaries for Instruction	50,300	54,259	104,559	103,803	756
General Supplies	6,587	(3,003)	3,584	3,584	-
Other Objects	1,400	-	1,400	-	1,400
Total Autism	<u>404,522</u>	<u>54,572</u>	<u>459,094</u>	<u>456,779</u>	<u>2,315</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	96,588	521	97,109	97,109	-
Other Salaries for Instruction	58,205	(16,109)	42,096	40,548	1,548
General Supplies	2,200	(2,025)	175	175	-
Other Objects	1,000	(365)	635	-	635
Total Preschool Disabilities - Part - Time	<u>157,993</u>	<u>(17,978)</u>	<u>140,015</u>	<u>137,832</u>	<u>2,183</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	63,228	(6,980)	56,248	56,232	16
Other Salaries for Instruction	2,500	(2,500)	-	-	-
General Supplies	1,722	(1,427)	295	295	-
Total Preschool Disabilities - Full - Time	<u>67,450</u>	<u>(10,907)</u>	<u>56,543</u>	<u>56,527</u>	<u>16</u>
Total Special Education - Instruction	<u>5,035,452</u>	<u>(73,950)</u>	<u>4,961,502</u>	<u>4,863,066</u>	<u>98,436</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 650,458	\$ (11,184)	\$ 639,274	\$ 627,237	\$ 12,037
Total Basic Skills/Remedial	<u>650,458</u>	<u>(11,184)</u>	<u>639,274</u>	<u>627,237</u>	<u>12,037</u>
Bilingual Education					
Salaries of Teachers	235,065	300	235,365	234,482	883
General Supplies	1,290	(1,290)	-	-	-
Total Bilingual Education	<u>236,355</u>	<u>(990)</u>	<u>235,365</u>	<u>234,482</u>	<u>883</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	28,000	4,258	32,258	32,258	-
Total School Sponsored Co/Extra Curricular Activities	<u>28,000</u>	<u>4,258</u>	<u>32,258</u>	<u>32,258</u>	<u>-</u>
Before/After School Programs					
Salaries	-	1,650	1,650	1,650	-
Supplies and Materials	8,000	(3,600)	4,400	369	4,031
Total Before/After School Programs	<u>8,000</u>	<u>(1,950)</u>	<u>6,050</u>	<u>2,019</u>	<u>4,031</u>
Community Services Programs					
Salaries	9,500	-	9,500	5,681	3,819
Purchased Services	1,500	-	1,500	-	1,500
Supplies and Materials	2,000	(895)	1,105	1,105	-
Total Community Services Program	<u>13,000</u>	<u>(895)</u>	<u>12,105</u>	<u>6,786</u>	<u>5,319</u>
Total - Instruction	<u>18,925,542</u>	<u>221,051</u>	<u>19,146,593</u>	<u>18,087,802</u>	<u>1,058,791</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	460,628	(120,746)	339,882	335,554	4,328
Tuition to CSSD & Regional Day Schools	97,970	(61,845)	36,125	36,125	-
Tuition to Priv. School for the Disabled W/ State	242,769	237,512	480,281	473,057	7,224
Total Undistributed Expenditures - Instruction	<u>801,367</u>	<u>54,921</u>	<u>856,288</u>	<u>844,736</u>	<u>11,552</u>
Attendance and Social Work					
Salaries	1,525	-	1,525	1,525	-
Purchased Professional and Technical Services	45,500	-	45,500	45,300	200
Total Attendance and Social Work	<u>47,025</u>	<u>-</u>	<u>47,025</u>	<u>46,825</u>	<u>200</u>
Health Services					
Salaries	489,736	(2,480)	487,256	487,255	1
Purchased Professional and Technical Services	27,000	(3,721)	23,279	23,263	16
Other Purchased Services	2,200	20	2,220	488	1,732
Supplies and Materials	32,218	(3,059)	29,159	23,793	5,366
Other Objects	2,600	-	2,600	432	2,168
Total Health Services	<u>553,754</u>	<u>(9,240)</u>	<u>544,514</u>	<u>535,231</u>	<u>9,283</u>
Speech, OT, PT & Related Svcs					
Salaries	3,153,520	31,689	3,185,209	3,184,203	1,006
Purchased Professional -Educational Services	198,100	22,990	221,090	210,679	10,411
Other Purchased Services	1,700	1,100	2,800	1,930	870
Supplies and Materials	10,500	(4,047)	6,453	4,295	2,158
Other Objects	400	-	400	15	385
Total Speech, OT, PT & Related Svcs	<u>3,364,220</u>	<u>51,732</u>	<u>3,415,952</u>	<u>3,401,122</u>	<u>14,830</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Student - Extra Services					
Salaries	\$ 1,000	\$ (670)	\$ 330		\$ 330
Purchased Professional-Educational Services	25,000	(7,747)	17,253	14,830	2,423
Total Other Support Services - Student - Extra Services	26,000	(8,417)	17,583	14,830	2,753
Guidance					
Salaries of Other Professional Staff	581,919	(33,762)	548,157	548,157	-
Salaries of Secretarial and Clerical Assistants	51,394	-	51,394	51,394	-
Other Purchased Professional -Technical Services	35,000	(28,224)	6,776	6,776	-
Other Purchased Services	950	(491)	459	-	459
Supplies and Materials	600	-	600	-	600
Total Guidance	669,863	(62,477)	607,386	606,327	1,059
Child Study Teams					
Salaries of Other Professional Staff	1,380,624	(24,710)	1,355,914	1,355,913	1
Salaries of Secretarial and Clerical Assistants	166,148	(851)	165,297	165,297	-
Other Purchased Professional and Technical Services	20,000	-	20,000	19,232	768
Other Purchased Services	9,900	(5,144)	4,756	3,036	1,720
Supplies and Materials	25,350	37,415	62,765	31,557	31,208
Other Objects	600	-	600	-	600
Total Child Study Teams	1,602,622	6,710	1,609,332	1,575,035	34,297
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	157,453	(5,115)	152,338	152,338	-
Salaries of Other Professional Staff	10,000	4,500	14,500	14,500	-
Salaries of Secretarial and Clerical Assistants	47,278	2,769	50,047	50,047	-
Purchased Professional-Educational Services	35,000	(16,241)	18,759	8,259	10,500
Other Purchased Services	48,500	68,756	117,256	112,732	4,524
Supplies and Materials	5,000	(692)	4,308	4,267	41
Other Objects	5,000	(514)	4,486	4,461	25
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	308,231	53,463	361,694	346,604	15,090
Educational Media Services/School Library					
Salaries	333,965	(2,842)	331,123	329,939	1,184
Other Purchased Services	23,100	(3,895)	19,205	17,158	2,047
Supplies and Materials	40,600	(1,951)	38,649	35,508	3,141
Total Educational Media Services/School Library	397,665	(8,688)	388,977	382,605	6,372

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Other Purchased Services	\$ 20,900	\$ (991)	\$ 19,909	\$ 9,544	\$ 10,365
Supplies and Materials	27,500	(16,070)	11,430	11,430	-
Other Objects	3,000	(1,496)	1,504	1,504	-
Total Instructional Staff Training Services	<u>51,400</u>	<u>(18,557)</u>	<u>32,843</u>	<u>22,478</u>	<u>10,365</u>
Support Services General Administration					
Salaries	303,946	(24,895)	279,051	279,051	-
Legal Services	100,000	154,171	254,171	235,340	18,831
Audit Fees	51,600	-	51,600	43,359	8,241
Other Purchased Professional Services	39,600	(31,949)	7,651	7,651	-
Communications/Telephone	125,000	10,103	135,103	135,102	1
BOE Other Purchased Services	10,300	(52)	10,248	2,810	7,438
Miscellaneous Purchased Services	119,100	(14,227)	104,873	99,623	5,250
General Supplies	4,500	-	4,500	619	3,881
BOE In-House Training and Meeting Supplies	2,500	-	2,500	1,892	608
Miscellaneous Expenditures	20,000	(8,527)	11,473	6,591	4,882
BOE Membership Dues and Fees	25,000	(2,000)	23,000	22,590	410
Total Support Services General Administration	<u>801,546</u>	<u>82,624</u>	<u>884,170</u>	<u>834,628</u>	<u>49,542</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Dir	895,136	2,737	897,873	897,873	-
Salaries of Secretarial and Clerical Assistants	691,001	(21,343)	669,658	669,656	2
Purchased Professional and Technical Services	36,150	(11,625)	24,525	24,093	432
Other Purchased Services	14,300	(5,562)	8,738	2,000	6,738
Supplies and Materials	54,700	(22,656)	32,044	28,991	3,053
Other Objects	32,000	(3,983)	28,017	24,099	3,918
Total Support Services School Administration	<u>1,723,287</u>	<u>(62,432)</u>	<u>1,660,855</u>	<u>1,646,712</u>	<u>14,143</u>
Central Services					
Salaries	455,364	(4,591)	450,773	450,307	466
Purchased Professional Services	-	14,950	14,950	14,950	-
Purchased Technical Services	27,370	2,863	30,233	23,449	6,784
Misc. Purchased Services	8,150	-	8,150	5,041	3,109
Supplies and Materials	16,300	(11,428)	4,872	4,396	476
Miscellaneous Expenditures	3,000	-	3,000	2,640	360
Total Central Services	<u>510,184</u>	<u>1,794</u>	<u>511,978</u>	<u>500,783</u>	<u>11,195</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 407,722	\$ (16,768)	\$ 390,954	\$ 390,954	-
Purchased Technical Services	260,500	(32,303)	228,197	186,733	\$ 41,464
Other Purchased Services	4,000	-	4,000	1,345	2,655
Supplies and Materials	120,960	16,648	137,608	13,526	124,082
Other Objects	2,750	-	2,750	2,044	706
Total Admin. Info. Tech	795,932	(32,423)	763,509	594,602	168,907
Required Maintenance for School Facilities					
Salaries	419,469	17,130	436,599	436,598	1
Cleaning, Repair and Maintenance	342,700	27,621	370,321	358,004	12,317
General Supplies	260,000	87,613	347,613	263,311	84,302
Other Objects	3,400	(2,718)	682	425	257
Total Required Maintenance for School Facilities	1,025,569	129,646	1,155,215	1,058,338	96,877
Custodial Services					
Salaries	1,363,845	(16,830)	1,347,015	1,346,971	44
Purchased Professional & Technical Svcs.	90,000	19,413	109,413	109,413	-
Cleaning, Repair and Maintenance Services	332,000	(56,438)	275,562	249,815	25,747
Rental of Land and Bldg. Other than Lease Purchase Agreement	1	-	1	1	1
Other Purchased Property Services	44,975	(4,356)	40,619	34,732	5,887
Insurance	131,340	25,950	157,290	151,790	5,500
Miscellaneous Purchased Services	3,500	1,670	5,170	4,857	313
General Supplies	110,000	11,173	121,173	120,739	434
Energy (Natural Gas)	276,000	(48,205)	227,795	218,494	9,301
Energy (Electricity)	398,000	(114,404)	283,596	279,308	4,288
Energy (Oil)	110,000	(30,000)	80,000	60,234	19,766
Other Objects	300	-	300	200	100
Total Custodial Services	2,859,961	(212,027)	2,647,934	2,576,553	71,381
Care and Upkeep of Grounds					
General Supplies	25,000	(4,217)	20,783	20,783	-
Total Care and Upkeep of Grounds	25,000	(4,217)	20,783	20,783	-
Security					
Salaries	31,520	(1,842)	29,678	29,678	-
General Supplies	1,500	140,173	141,673	1,947	139,726
Total Security	33,020	138,331	171,351	31,625	139,726
Total Oper & Maint of Plant Services	3,943,550	51,733	3,995,283	3,687,299	307,984

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	\$ 1,173,784	\$ (85,293)	\$ 1,088,491	\$ 1,081,580	\$ 6,911
Salaries for Pupil Transportation					
(Between Home and School) - Spec. Ed.	245,875	(869)	245,006	240,931	4,075
Salaries for Pupil Transportation					
(Other than Between Home and School)	38,394	(15,662)	22,732	22,117	615
Salaries for Pupil Transportation					
(Between Home and School) - Non-Public	40,000	51,309	91,309	85,910	5,399
Cleaning, Repair and Maintenance Services	38,200	(1,000)	37,200	19,435	17,765
Lease Purchase Payments - School Buses	513,676	-	513,676	479,921	33,755
Contracted Services - ESC & CTSA (Special Ed. Students)	217,000	93,913	310,913	310,913	-
Contracted Services-Aid in Lieu of Payments-Nonpublic	100,000	(21,676)	78,324	70,755	7,569
Contracted Services (Bet. Home & Sch)-Joint Agrmnts	465	213	678	678	-
Miscellaneous Purchased Services - Transportation	53,500	3,203	56,703	56,703	-
General Supplies	10,000	(926)	9,074	7,337	1,737
Transportation Supplies	381,700	(8,578)	373,122	213,856	159,266
Other Objects	4,200	-	4,200	2,622	1,578
Total Student Transportation Services	2,816,794	14,634	2,831,428	2,592,758	238,670
Unallocated Benefits					
Health Benefits	7,968,560	(276,618)	7,691,942	7,355,839	336,103
Social Security Contributions	750,000	-	750,000	725,591	24,409
Other Retirement Contributions - PERS	700,000	-	700,000	657,613	42,387
Other Retirement Contributions - DCRP	80,000	6,618	86,618	80,901	5,717
Unemployment	25,000	-	25,000	-	25,000
Workers Compensation	285,000	20,010	305,010	305,009	1
Tuition Reimbursement	100,000	3,382	103,382	92,817	10,565
Other Employee Benefits	342,153	-	342,153	232,016	110,137
Total Unallocated Benefits	10,250,713	(246,608)	10,004,105	9,449,786	554,319
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				2,084,789	(2,084,789)
NCGI Premium				75,537	(75,537)
Post-Retirement Medical Contribution				1,800,043	(1,800,043)
Long Term Disability				4,064	(4,064)
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,462,087	(1,462,087)
Total On-Behalf TPAF	-	-	-	5,426,520	(5,426,520)
Total Undistributed Expenditures	28,664,153	(131,231)	28,532,922	32,508,881	(3,975,959)
Total Expenditures - Current Expense	47,589,695	89,820	47,679,515	50,596,683	(2,917,168)

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY					
Instruction					
Equipment					
Grades 6-8	\$ 2,000		\$ 2,000		\$ 2,000
Multiple Disabilities		\$ 7,777	7,777	\$ 7,777	-
School Administration	2,000		2,000		2,000
Administrative Information Technology	557,563	26,000	583,563	557,562	26,001
Required Maintenance for School Facilities	227,254	464,591	691,845	677,227	14,618
Custodial Services	-	25,467	25,467	25,467	-
Security		111,461	111,461	109,845	1,616
Student Transportation-Non-Instructional Equipment	56,000	(8,881)	47,119	5,766	41,353
Equipment	8,000	-	8,000	-	8,000
Total Equipment	<u>852,817</u>	<u>626,415</u>	<u>1,479,232</u>	<u>1,383,644</u>	<u>95,588</u>
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	406,633	(406,633)
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		235,567	235,567	201,067	34,500
Construction Services	1,727,406	(1,194,395)	533,011	177,902	355,109
Assessment for Debt Service on SDA Funding	1,830	-	1,830	1,830	-
Total Facilities Acquisition and Construction Services	<u>1,729,236</u>	<u>(958,828)</u>	<u>770,408</u>	<u>380,799</u>	<u>389,609</u>
Total Capital Outlay	<u>2,582,053</u>	<u>(332,413)</u>	<u>2,249,640</u>	<u>2,171,076</u>	<u>78,564</u>
Transfer of Funds to Charter Schools	14,302	(1,430)	12,872	-	12,872
Total Expenditures	<u>50,186,050</u>	<u>(244,023)</u>	<u>49,942,027</u>	<u>52,767,759</u>	<u>(2,825,732)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,406,132)</u>	<u>244,023</u>	<u>(3,162,109)</u>	<u>618,261</u>	<u>3,780,370</u>
Other Financing Sources/(Uses)					
Lease Proceeds (Non-Budget)				406,633	406,633
Transfer In		128,812	128,812	128,812	-
Transfer Out	-	(1,112,896)	(1,112,896)	(1,112,896)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(984,084)</u>	<u>(984,084)</u>	<u>(577,451)</u>	<u>406,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	<u>(3,406,132)</u>	<u>(740,061)</u>	<u>(4,146,193)</u>	<u>40,810</u>	<u>4,187,003</u>
Fund Balances, Beginning of Year	10,360,927	-	10,360,927	10,360,927	-
Fund Balances, End of Year	<u>\$ 6,954,795</u>	<u>\$ (740,061)</u>	<u>\$ 6,214,734</u>	<u>\$ 10,401,737</u>	<u>\$ 4,187,003</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus				\$ 637,752	
Excess Surplus - Designated for Subsequent Year's Expenditures				764,322	
Capital Reserve				2,511,880	
Capital Reserve - Designated for Subsequent Year's Expenditures				3,655,620	
Assigned Fund Balance:					
Year-End Encumbrances				895,319	
Unassigned Fund Balance				<u>1,936,844</u>	
Budgetary Fund Balance				<u>10,401,737</u>	
Reconciliation to Governmental Funds Statements (GAAP)					
2016/2017 State Aid Payment Not Recognized on a GAAP Basis				(266,398)	
2016/2017 Extraordinary Aid Payments Not Recognized on a GAAP Basis				<u>(594,674)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 9,540,665</u>	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Local Sources		\$ 1,000	\$ 1,000	\$ 1,000	
Intergovernmental					
State		6,209	6,209	5,106	\$ (1,103)
Federal	\$ 597,923	152,407	750,330	743,080	(7,250)
Total Revenues	597,923	159,616	757,539	749,186	(8,353)
EXPENDITURES					
Instruction					
Salaries of Teachers		62,689	62,689	62,689	
Purchased Prof. & Technical Services		6,916	6,916	5,813	1,103
Tuition	490,891	70,252	561,143	561,143	
Textbooks		519	519	519	
General Supplies	68,396	(50,638)	17,758	15,085	2,673
Total Instruction	559,287	89,738	649,025	645,249	3,776
Support Services					
Salaries of Teachers		1,755	1,755	1,755	
Salaries of Other Professional Staff		15,684	15,684	15,684	
Other Salaries for Instruction		29,014	29,014	29,014	
Personal Services - Employee Benefits		6,130	6,130	6,130	
Purchased Professional/Educational Services	38,636	11,345	49,981	45,620	4,361
Other Purchased Services		987	987	987	
General Supplies	-	4,963	4,963	4,747	216
Total Support Services	38,636	69,878	108,514	103,937	4,577
Total Expenditures	597,923	159,616	757,539	749,186	8,353
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 53,386,020	(C-2)	\$ 749,186
Differences - Budget to GAAP:				
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.				
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)		815,737		
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2016/2017 State Aid)		(861,072)		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2016		-		-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	\$ 53,340,685	(B-2)	\$ 749,186
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 52,767,759	(C-2)	\$ 749,186
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Encumbrances, June 30, 2016		-		-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	\$ 52,767,759	(B-2)	\$ 749,186

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07356 %	0.07976 %	0.07794 %	0.08023 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,787,111	\$ 17,904,859	\$ 14,593,337	\$ 15,334,443
District's Covered-Employee Payroll	\$ 4,972,202	\$ 5,199,311	\$ 5,356,899	\$ 5,440,927
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	438.18 %	344.37 %	272.42 %	281.84 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14 %	47.93 %	52.08 %	48.72 %

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 657,613	\$ 685,735	\$ 642,768	\$ 604,552
Contributions in Relation to the Contractually Required Contribution	<u>657,613</u>	<u>685,735</u>	<u>642,768</u>	<u>604,552</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$4,972,202	\$ 5,199,311	\$ 5,356,899	\$ 5,440,927
Contributions as a Percentage of Covered-Employee Payroll	13.23 %	13.19 %	12.00 %	11.11 %

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 148,841,709</u>	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
Total	<u>\$ 148,841,709</u>	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
District's Covered-Employee Payroll	\$ 20,175,818	\$ 19,441,773	\$ 18,937,698	\$ 18,727,508
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33 %	28.71 %	33.64 %	33.76 %

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>IDEA, Part B Basic</u>	<u>IDEA, Part B Preschool</u>	<u>Total Exhibit E-2A</u>	<u>Total 2017</u>
REVENUES								
Local							\$ 1,000	\$ 1,000
Intergovernmental								
State							5,106	5,106
Federal	\$ 75,517	\$ 44,300	\$ 24,909	\$ 5,977	\$ 561,143	\$ 31,234	-	743,080
Total Revenues	<u>\$ 75,517</u>	<u>\$ 44,300</u>	<u>\$ 24,909</u>	<u>\$ 5,977</u>	<u>\$ 561,143</u>	<u>\$ 31,234</u>	<u>\$ 6,106</u>	<u>\$ 749,186</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 47,350		\$ 15,339					\$ 62,689
Purchased Professional & Technical Svcs.			2,720				\$ 3,093	5,813
Tuition					\$ 561,143		-	561,143
Textbooks							519	519
General Supplies	5,097	-	3,556	\$ 4,088	-	-	2,344	15,085
Total Instruction	<u>52,447</u>	<u>-</u>	<u>21,615</u>	<u>4,088</u>	<u>561,143</u>	<u>-</u>	<u>5,956</u>	<u>645,249</u>
Support Services								
Salaries of Teachers				1,755			-	1,755
Salaries of Other Professional Staff	15,684						-	15,684
Other Salaries for Instruction						\$ 29,014	-	29,014
Personal Services - Employee Benefits	4,822		1,174	134			-	6,130
Purchased Professional/ Educational Svcs.		\$ 43,400				2,220	-	45,620
Other Purchased Services			837				150	987
General Supplies	2,564	900	1,283	-	-	-	-	4,747
Total Support Services	<u>23,070</u>	<u>44,300</u>	<u>3,294</u>	<u>1,889</u>	<u>-</u>	<u>31,234</u>	<u>150</u>	<u>103,937</u>
Total Expenditures	<u>\$ 75,517</u>	<u>\$ 44,300</u>	<u>\$ 24,909</u>	<u>\$ 5,977</u>	<u>\$ 561,143</u>	<u>\$ 31,234</u>	<u>\$ 6,106</u>	<u>\$ 749,186</u>

Continued

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic Security Aid	Nonpublic Technology Aid	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Local MSU	Chpt 193 Examination	Chpt 193 Corrective Speech	Chpt 193 Supplemental Instruction	Total Exhibit E-2A
REVENUES									
Local					\$ 1,000				\$ 1,000
Intergovernmental									
State	\$ 450	\$ 234	\$ 519	\$ 810		\$ 1,866	\$ 442	\$ 785	5,106
Federal	-	-	-	-			-	-	-
Total Revenues	\$ 450	\$ 234	\$ 519	\$ 810	\$ 1,000	\$ 1,866	\$ 442	\$ 785	\$ 6,106
EXPENDITURES									
Instruction									
Salaries of Teachers									
Purchased Professional & Educational Svcs.						\$ 1,866	\$ 442	\$ 785	\$ 3,093
Tuition									-
Textbooks			\$ 519						519
General Supplies	\$ 450	\$ 234	-	\$ 660	\$ 1,000	-	-	-	2,344
Total Instruction	450	234	519	660	1,000	1,866	442	785	5,956
Support Services									
Salaries of Other Professional Staff									
Personal Services- Employee Benefits									
Purchased Professional/Educational Svcs.									-
Purchased Professional & Technical Svc.									-
Other Purchased Service				\$ 150					150
Supplies and Materials	-	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	150	-	-	-	-	150
Total Expenditures	\$ 450	\$ 234	\$ 519	\$ 810	\$ 1,000	\$ 1,866	\$ 442	\$ 785	\$ 6,106

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Year</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2017</u>
Catherine Dwyer Elementary School - Elevator	\$ 581,714	\$ 464,714		\$ (117,000))
Birchwood Elementary School - HVAC	1,033,534	685,043	\$ 298,758		\$ 49,733
Catherine Dwyer Elementary School - Pipe Insulation/ Ceiling Replacement/ Lighting	588,750	576,938		(11,812)	
Catherine Dwyer/Katherine D. Malone Schools - Boiler Upgrade	590,692	162,519	428,173		
Catherine Dwyer Elementary School - HVAC	381,000	154,450	226,550		
Katherine D. Malone Elementary School - Gym Roof	<u>88,070</u>	<u>12,350</u>	<u>75,720</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,263,760</u>	<u>\$ 2,056,014</u>	<u>\$ 1,029,201</u>	<u>\$ (128,812)</u>	<u>\$ 49,733</u>
Project Balance - Budgetary Basis					\$ 49,733
Less Unrealized Grant Awards					<u>(61,780)</u>
Fund Balance - GAAP Basis					<u>\$ (12,047)</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Capital Projects:					
Year End Encumbrances					\$ 49,733
Available for Capital Projects					<u>(61,780)</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ (12,047)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

State Sources - SDA Grant	\$ 152,400
Transfer from Capital Reserve	<u>1,112,896</u>
 Total Revenues and Other Financing Sources	 <u>1,265,296</u>

Expenditures and Other Financing Uses

Architect/Engineer Services	62,175
Construction Services	967,026
Other Financing Uses - Transfer to Capital Reserve	<u>128,812</u>
 Total Expenditures and Other Financing Uses	 <u>1,158,013</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	107,283
Fund Balance/(Deficit) - Beginning of Year	<u>(57,550)</u>
Fund Balance - End of Year - Budgetary Basis	<u>\$ 49,733</u>

Reconciliation to Governmental Fund Statements (GAAP)

Fund Balance - End of Year - Budgetary Basis	\$ 49,733
Less Unearned Revenue	<u>(61,780)</u>
Fund Balance - End of Year - GAAP	<u>\$ (12,047)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
CATHERINE DWYER ELEMENTARY SCHOOL - ELEVATOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 78,000		\$ 78,000	\$ 78,000
Transfer from Capital Reserve	<u>503,714</u>	<u>\$ (117,000)</u>	<u>386,714</u>	<u>386,714</u>
Total Revenues	<u>581,714</u>	<u>(117,000)</u>	<u>464,714</u>	<u>464,714</u>
Expenditures and Other Financing Uses				
Architect Engineer	19,550	-	19,550	19,550
Construction Services	<u>445,164</u>	<u>-</u>	<u>445,164</u>	<u>445,164</u>
Total Expenditures	<u>464,714</u>	<u>-</u>	<u>464,714</u>	<u>464,714</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 117,000</u>	<u>\$ (117,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #4490-019-14-1004-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 195,000
Increased Authorized Cost	\$ 269,714
Revised Authorized Cost	\$ 464,714
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2015
Revised Target Completion Date	October 2016

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
BIRCHWOOD ELEMENTARY SCHOOL - HVAC
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 828,000	\$ 205,534	\$ 1,033,534	\$ 1,033,534
Total Revenues	<u>828,000</u>	<u>205,534</u>	<u>1,033,534</u>	<u>1,033,534</u>
Expenditures and Other Financing Uses				
Architect Engineer	65,700	3,300	69,000	69,000
Construction Services	<u>619,343</u>	<u>295,458</u>	<u>914,801</u>	<u>964,534</u>
Total Expenditures	<u>685,043</u>	<u>298,758</u>	<u>983,801</u>	<u>1,033,534</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 142,957</u>	<u>\$ (93,224)</u>	<u>\$ 49,733</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 828,000
Increase Authorized Cost	\$ 205,534
Revised Authorized Cost	\$ 828,000

Percentage Decrease Over Original Authorized Cost	
Percentage Completion	95%
Original Target Completion Date	October 2016
Revised Target Completion Date	September 2017

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
CATHERINE DWYER ELEMENTARY SCHOOL-PIPE INSULATION/CEILING REPLACEMENT/LIGHTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 588,750	\$ (11,812)	\$ 576,938	\$ 576,938
Total Revenues	<u>588,750</u>	<u>(11,812)</u>	<u>576,938</u>	<u>576,938</u>
Expenditures and Other Financing Uses				
Architect Engineer	47,000	-	47,000	47,000
Construction Services	<u>529,938</u>	<u>-</u>	<u>529,938</u>	<u>529,938</u>
Total Expenditures	<u>576,938</u>	<u>-</u>	<u>576,938</u>	<u>576,938</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 11,812</u>	<u>\$ (11,812)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 588,750
Reduced Authorized Cost	\$ (11,812)
Revised Authorized Cost	\$ 576,938

Percentage Decrease Over Original
Authorized Cost

Percentage Completion

Original Target Completion Date

Revised Target Completion Date

100%
October 2016
October 2016

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
CATHERINE DWYER/KATHERINE MALONE
ELEMENTARY SCHOOL-BOILER REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 590,692	\$ 590,692	\$ 590,692
Total Revenues	-	590,692	590,692	590,692
Expenditures and Other Financing Uses				
Architect Engineer	\$ 44,625	40,375	85,000	85,000
Construction Services	117,894	387,798	505,692	505,692
Total Expenditures	162,519	428,173	590,692	590,692
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ (162,519)	\$ 162,519	\$ -	\$ -
Additional Project Information:				
Project Number	N/A			
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$	590,692		
Reduced Authorized Cost				
Revised Authorized Cost	\$	592,692		
Percentage Decrease Over Original Authorized Cost				
Percentage Completion	100%			
Original Target Completion Date	October 2016			
Revised Target Completion Date	October 2017			

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
CATHERINE DWYER ELEMENTARY SCHOOL-HVAC UPGRADE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 152,400	\$ 152,400	\$ 152,400
Transfer from Capital Reserve	-	228,600	228,600	228,600
	-----	-----	-----	-----
Total Revenues	-	381,000	381,000	381,000
	-----	-----	-----	-----
Expenditures and Other Financing Uses				
Architect Engineer	\$ 22,400	14,600	37,000	37,000
Construction Services	132,050	211,950	344,000	344,000
	-----	-----	-----	-----
Total Expenditures	154,450	226,550	381,000	381,000
	-----	-----	-----	-----
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ (154,450)	\$ 154,450	\$ -	\$ -
	-----	-----	-----	-----

Additional Project Information:

Project Number	#4490-019-14-1005-GO4
Project Number	N/A
Grant Date	#4490-019-14-1005-GO4
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 381,000
Reduced Authorized Cost	
Revised Authorized Cost	\$ 381,000
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2017

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
KATHERINE D. MALONE ELEMENTARY SCHOOL - GYM ROOF PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 88,070	\$ 88,070	\$ 88,070
Total Revenues	-	88,070	88,070	88,070
Expenditures and Other Financing Uses				
Architect Engineer	\$ 12,350	3,900	16,250	16,250
Construction Services	-	71,820	71,820	71,820
Total Expenditures	12,350	75,720	88,070	88,070
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ (12,350)	\$ 12,350	\$ -	\$ -

Additional Project Information:

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 88,070
Reduced Authorized Cost	
Revised Authorized Cost	\$ 88,070
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2017

PROPRIETARY FUNDS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 50,462	\$ 5,884	\$ 56,346
Prepaid Expense	<u>231</u>	<u>-</u>	<u>231</u>
Total Assets	<u>50,693</u>	<u>5,884</u>	<u>56,577</u>
LIABILITIES			
Unearned Revenue	<u>48,523</u>	<u>-</u>	<u>48,523</u>
Total Liabilities	<u>48,523</u>	<u>-</u>	<u>48,523</u>
NET POSITION			
Unrestricted	<u>2,170</u>	<u>5,884</u>	<u>8,054</u>
Total Net Position	<u>\$ 2,170</u>	<u>\$ 5,884</u>	<u>\$ 8,054</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
OPERATING REVENUES			
Local Sources			
Program Fees	\$ 45,918	\$ 55,228	\$ 101,146
 Total Operating Revenues	<u>45,918</u>	<u>55,228</u>	<u>101,146</u>
 OPERATING EXPENSES			
Salaries and Wages	41,134	53,932	95,066
Transportation	1,700	126	1,826
Supplies and Materials	<u>2,596</u>	<u>927</u>	<u>3,523</u>
 Total Operating Expenses	<u>45,430</u>	<u>54,985</u>	<u>100,415</u>
 Operating Income/(Loss)	<u>488</u>	<u>243</u>	<u>731</u>
 NON OPERATING REVENUES			
Interest Income	<u>9</u>	<u>-</u>	<u>9</u>
 Total Non Operating Revenues	<u>9</u>	<u>-</u>	<u>9</u>
 Change in Net Position	497	243	740
 Total Net Position, Beginning of Year	<u>1,673</u>	<u>5,641</u>	<u>7,314</u>
 Total Net Position, End of Year	<u>\$ 2,170</u>	<u>\$ 5,884</u>	<u>\$ 8,054</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 46,767	\$ 55,228	\$ 101,995
Cash Payments for Employees			
Salaries & Benefits	(41,134)	(53,932)	(95,066)
Cash Payments to Suppliers for Goods and Services	<u>(4,086)</u>	<u>(1,053)</u>	<u>(5,139)</u>
Net Cash Provided/(Used) by Operating Activities	<u>1,547</u>	<u>243</u>	<u>1,790</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Interest Income	<u>9</u>	<u>-</u>	<u>9</u>
Net Cash Provided by Investing Activities	<u>9</u>	<u>-</u>	<u>9</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,556	243	1,799
Cash and Cash Equivalents, Beginning of Year	<u>48,906</u>	<u>5,641</u>	<u>54,547</u>
Cash and Cash Equivalents, End of Year	<u>\$ 50,462</u>	<u>\$ 5,884</u>	<u>\$ 56,346</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income/(Loss)	<u>\$ 488</u>	<u>\$ 243</u>	<u>\$ 731</u>
Adjustments to Reconcile Operating Change in Assets and Liabilities			
(Increase)/Decrease in Prepaid Sales	210		210
Increase/(Decrease) in Unearned Revenue	<u>849</u>	<u>-</u>	<u>849</u>
Total Adjustments	<u>1,059</u>	<u>-</u>	<u>1,059</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,547</u>	<u>\$ 243</u>	<u>\$ 1,790</u>

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds 2016</u>
ASSETS			
Cash and Cash Equivalents	\$ 135,951	\$ 214,343	\$ 350,294
Total Assets	<u>\$ 135,951</u>	<u>\$ 214,343</u>	<u>\$ 350,294</u>
 LIABILITIES			
Payroll Deductions and Withholdings		\$ 206,158	\$ 206,158
Accrued Salaries and Wages		294	294
Flex Spending Deposits		7,891	7,891
Due to Family Outreach	\$ 277		277
Due to Student Groups	<u>135,674</u>	<u>-</u>	<u>135,674</u>
Total Liabilities	<u>\$ 135,951</u>	<u>\$ 214,343</u>	<u>\$ 350,294</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Elementary and Middle Schools				
Birchwood	\$ 5,381	\$ 2,183	\$ 6,900	\$ 664
Copeland Middle School	90,361	183,417	188,701	85,077
C.A. Dwyer	22,674	6,317	6,294	22,697
K.D. Malone	4,161	5,900	5,137	4,924
Dennis B. O'Brien	5,825	6,112	3,684	8,253
Stony Brook	19,433	2,583	7,957	14,059
Sub-Total All Schools	147,835	206,512	218,673	135,674
Family Outreach Program	327	-	50	277
Total Student Activities	<u>\$ 148,162</u>	<u>\$ 206,512</u>	<u>\$ 218,723</u>	<u>\$ 135,951</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Payroll Deductions and Withholdings	\$ 208,820	\$ 16,265,614	\$ 16,268,276	\$ 206,158
Accrued Salaries and Wages		17,817,574	17,817,574	
Summer Savings Deposits	376	939,626	939,708	294
Flex Spending Deposits	11,816	24,512	28,437	7,891
Total	<u>\$ 221,012</u>	<u>\$ 35,047,326</u>	<u>\$ 35,053,995</u>	<u>\$ 214,343</u>

LONG-TERM DEBT

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	6/15/2016	\$ 4,395,000	9/1/2017	\$ 410,000	2.000 %				
			9/1/2018	420,000	3.000				
			9/1/2019	430,000	3.000				
			9/1/2020	500,000	3.000				
			9/1/2021	515,000	4.000				
			9/1/2022	535,000	4.000				
			9/1/2023	560,000	4.000				
			9/1/2024	580,000	4.000				
						\$ 4,395,000	\$ -	\$ 445,000	\$ 3,950,000
						\$ 4,395,000	\$ -	\$ 445,000	\$ 3,950,000
Paid By Budget Appropriation								\$ 445,000	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2017</u>
2013 Bus Leases	2.75%	\$ 379,416	\$ 77,913		\$ 77,913	
2014 Bus Leases	2.10%	418,682	169,158		83,674	\$ 85,484
2015 Bus Leases	2.10%	542,628	325,483		106,247	219,236
2016 Bus Leases	2.10%	546,936	432,956		104,889	328,067
2016 Xerox	0.00%	535,777	464,313		107,095	357,218
2016 Copiers	0.00%	218,940	189,748		43,788	145,960
2017 Bus Leases	2.10%	161,841		\$ 161,841	33,727	128,114
2018 Bus Leases	2.10%	244,792	-	244,792	51,014	193,778
			<u>\$ 1,659,571</u>	<u>\$ 406,633</u>	<u>\$ 608,347</u>	<u>\$ 1,457,857</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 410,559		\$ 410,559	\$ 410,560	\$ (1)
State Sources					
Debt Service State Aid Support	133,423		133,423	133,423	
Miscellaneous Revenue	-	-	-	12,302	(12,302)
95 Total Revenues	<u>543,982</u>	<u>-</u>	<u>543,982</u>	<u>556,285</u>	<u>(12,303)</u>
EXPENDITURES					
Regular Debt Service					
Principal	360,000	\$ 85,000	445,000	445,000	
Interest	<u>183,982</u>	<u>(85,000)</u>	<u>98,982</u>	<u>98,803</u>	<u>179</u>
Total Expenditures	<u>543,982</u>	<u>-</u>	<u>543,982</u>	<u>543,803</u>	<u>179</u>
Excess /(Deficit) of Revenue and Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,482</u>	<u>(12,482)</u>
Fund Balance, Beginning of Year	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 12,485</u>	<u>\$ (12,482)</u>
Debt Service - Restricted				<u>\$ 12,485</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017
Governmental Activities										
Investment in Capital Assets	\$ 10,669,833	\$ 11,476,650	\$ 11,884,590	\$ 11,737,679	\$ 12,834,344	\$ 13,981,031	\$ 14,482,456	\$ 15,244,110	\$ 18,497,801	\$ 20,449,774
Restricted	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971	6,167,938
Unrestricted	(942,080)	(216,947)	(1,223,333)	(210,358)	128,593	11,903	(14,086,870)	(13,744,513)	(13,863,773)	(15,073,000)
Total Governmental Activities Net Position	\$ 14,999,336	\$ 14,208,579	\$ 12,613,490	\$ 13,367,932	\$ 16,961,928	\$ 20,491,632	\$ 6,859,107	\$ 8,453,259	\$ 10,739,999	\$ 11,544,712
Business-Type Activities										
Investment in Capital Assets	\$ 72,517	\$ 91,178	\$ 80,412	\$ 70,784	\$ 168,857	\$ 167,865	\$ 159,690	\$ 113,012	\$ 88,777	\$ 172,442
Unrestricted	96,892	59,881	121,401	188,357	145,174	154,782	201,363	254,490	278,159	175,297
Total Business-Type Activities Net Position	\$ 169,409	\$ 151,059	\$ 201,813	\$ 259,141	\$ 314,031	\$ 322,647	\$ 361,053	\$ 367,502	\$ 366,936	\$ 347,739
District-Wide										
Investment in Capital Assets	\$ 10,742,350	\$ 11,567,828	\$ 11,965,002	\$ 11,808,463	\$ 13,003,201	\$ 14,148,896	\$ 14,642,146	\$ 15,357,122	\$ 18,586,578	\$ 20,622,216
Restricted	5,271,583	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971	6,167,938
Unrestricted	(845,188)	(157,066)	(1,101,932)	(22,001)	273,767	166,685	(13,885,507)	(13,490,023)	(13,585,614)	(14,897,703)
Total District Net Position	\$ 15,168,745	\$ 14,359,638	\$ 12,815,303	\$ 13,627,073	\$ 17,275,959	\$ 20,814,279	\$ 7,220,160	\$ 8,820,761	\$ 11,106,935	\$ 11,892,451

Source: District's Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 18,780,009	\$ 17,499,352	\$ 18,153,736	\$ 15,953,861	\$ 15,706,828	\$ 15,507,225	\$ 16,548,211	\$ 19,361,831	\$ 21,316,919	\$ 23,731,729
Special Education	7,749,465	7,728,645	7,580,303	7,509,447	7,304,807	7,567,684	8,718,761	9,978,559	10,011,955	11,082,789
Other Special Education	648,178	911,348	974,195	1,529,569	796,421	1,026,511	1,031,408	1,404,875	1,429,835	1,682,651
Other Instruction	267,922	404,031	291,245	166,522	42,632	54,948	62,639	49,756	56,636	60,424
Support Services:										
Tuition	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261				
Student & Instruction related services	7,131,569	6,946,562	6,862,779	6,776,667	6,825,097	8,422,006	8,672,303	10,542,966	11,314,387	12,922,369
General Administration Services	1,193,729	1,044,082	1,008,390	777,294	1,073,342	992,814	953,174	926,012	1,569,870	2,187,221
School Administration Services	2,072,348	2,526,116	2,712,353	2,621,277	2,463,890	2,585,976	2,613,408	2,653,402	2,774,543	2,585,414
Administrative Information Technology	709,711	649,732	734,522	682,089	563,795	600,772	711,255	811,630	834,893	809,171
Central Services	701,698	679,380	690,917	765,825	742,618	647,484	704,301	749,794	754,374	806,853
Plant Operations and Maintenance	4,835,624	4,813,407	4,794,236	4,674,207	4,369,599	4,254,749	4,874,723	4,573,632	4,484,489	4,515,865
Pupil Transportation	3,314,695	3,010,754	3,126,101	2,933,411	3,056,000	2,951,734	3,238,690	3,156,987	2,549,796	3,182,434
Capital Outlay	109,257	51,639	272,212	75,657	1,333	1,830				
Special Schools	114,822	160,493	44,501							
Interest on Long-term Debt	323,182	310,670	297,501	284,346	271,222	256,702	305,575	262,028	188,673	86,439
Unallocated Depreciation	596,355	556,943	654,880	654,880	623,534	655,345	-	-	-	-
Total governmental activities expenses	49,140,914	48,055,632	49,682,788	46,550,035	45,134,108	47,100,041	48,434,448	54,471,472	57,286,370	63,653,359
Business-type activities:										
Proprietary Funds										
	885,928	875,247	814,667	772,656	804,046	751,708	720,211	784,622	852,381	863,879
Total business-type activities expense	885,928	875,247	814,667	772,656	804,046	751,708	720,211	784,622	852,381	863,879
Total district expenses	\$ 50,026,842	\$ 48,930,879	\$ 50,497,455	\$ 47,322,691	\$ 45,938,154	\$ 47,851,749	\$ 49,154,659	\$ 55,256,094	\$ 58,138,751	\$ 64,517,238
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 163,952	\$ 202,225	\$ 86,567	\$ 56,630	\$ 13,719	\$ 20,323	\$ 136,697	\$ 283,766	\$ 247,926	\$ 235,004
Pupil Transportation	22,277	3,895	4,479	1,768	1,093	6,617	7,436	8,938	19,957	115,128
Operating grants and contributions	8,210,379	6,293,411	6,763,967	5,688,248	6,999,824	7,785,153	6,550,301	11,583,723	13,814,981	18,212,347
Operating grants and contributions	-	-	-	-	-	-	320,426	139,166	318,487	90,620
Total governmental activities program revenues	8,396,608	6,499,531	6,855,013	5,746,646	7,014,636	7,812,093	7,014,860	12,015,593	14,401,351	18,653,099
Business-type activities:										
Charges for services										
Operating grants and contributions	\$ 720,060	\$ 694,049	\$ 675,403	\$ 644,680	\$ 639,838	\$ 548,724	\$ 533,003	\$ 576,520	\$ 620,070	\$ 613,464
Operating grants and contributions	157,135	162,450	189,857	185,111	218,978	211,564	225,416	214,343	231,450	230,893
Total business type activities program revenues	877,195	856,499	865,260	829,791	858,816	760,288	758,419	790,863	851,520	844,357
Total district program revenues	\$ 9,273,803	\$ 7,356,030	\$ 7,720,273	\$ 6,576,437	\$ 7,873,452	\$ 8,572,381	\$ 7,773,279	\$ 12,806,456	\$ 15,252,871	\$ 19,497,456

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	\$ (40,744,306)	\$ (41,556,101)	\$ (42,827,775)	\$ (40,803,389)	\$ (38,119,472)	\$ (39,287,948)	\$ (41,419,588)	\$ (42,455,879)	\$ (42,885,019)	\$ (45,000,260)
Business-type activities	(8,733)	(18,748)	50,593	57,135	54,770	8,580	38,208	6,241	(861)	(19,522)
Total district-wide net expense	<u>\$ (40,753,039)</u>	<u>\$ (41,574,849)</u>	<u>\$ (42,777,182)</u>	<u>\$ (40,746,254)</u>	<u>\$ (38,064,702)</u>	<u>\$ (39,279,368)</u>	<u>\$ (41,381,380)</u>	<u>\$ (42,449,638)</u>	<u>\$ (42,885,880)</u>	<u>\$ (45,019,782)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied	\$ 38,968,817	\$ 38,308,060	\$ 38,637,775	\$ 40,194,736	\$ 40,547,065	\$ 40,625,927	\$ 41,032,186	\$ 41,819,183	\$ 42,655,566	\$ 43,508,678
Taxes Levied for Debt Service	472,978	484,344	471,605	486,551	476,644	462,334	451,164	436,296	425,275	410,560
Unrestricted State and Federal Aid	1,079,956	1,712,585	1,978,560	710,376	548,568	1,023,189	1,443,258	1,534,100	1,393,820	1,380,823
Unrestricted State Aid for Debt Service Principal									138,206	133,423
Miscellaneous income	395,823	260,355	144,746	166,168	141,191	299,499	181,862	245,334	544,113	351,544
Interest							13,036	15,118	14,779	19,945
Cancellation of Prior Year Accounts Payable						406,703				
Total governmental activities	<u>40,917,574</u>	<u>40,765,344</u>	<u>41,232,686</u>	<u>41,557,831</u>	<u>41,713,468</u>	<u>42,817,652</u>	<u>43,121,506</u>	<u>44,050,031</u>	<u>45,171,759</u>	<u>45,804,973</u>
Business-type activities:										
Investment earnings	280	398	161	193	120	36	198	208	295	325
Total business-type activities	<u>280</u>	<u>398</u>	<u>161</u>	<u>193</u>	<u>120</u>	<u>36</u>	<u>198</u>	<u>208</u>	<u>295</u>	<u>325</u>
Total district-wide	<u>\$ 40,917,854</u>	<u>\$ 40,765,742</u>	<u>\$ 41,232,847</u>	<u>\$ 41,558,024</u>	<u>\$ 41,713,588</u>	<u>\$ 42,817,688</u>	<u>\$ 43,121,704</u>	<u>\$ 44,050,239</u>	<u>\$ 45,172,054</u>	<u>\$ 45,805,298</u>
Change in Net Position										
Governmental activities	\$ 173,268	\$ (790,757)	\$ (1,595,089)	\$ 754,442	\$ 3,593,996	\$ 3,529,704	\$ 1,701,918	\$ 1,594,152	\$ 2,286,740	\$ 804,713
Business-type activities	(8,453)	(18,350)	50,754	57,328	54,890	8,616	38,406	6,449	(566)	(19,197)
Total district	<u>\$ 164,815</u>	<u>\$ (809,107)</u>	<u>\$ (1,544,335)</u>	<u>\$ 811,770</u>	<u>\$ 3,648,886</u>	<u>\$ 3,538,320</u>	<u>\$ 1,740,324</u>	<u>\$ 1,600,601</u>	<u>\$ 2,286,174</u>	<u>\$ 785,516</u>

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 5,271,583	\$ 2,948,876	\$ 1,367,449							
Unreserved	1,027,156	1,332,258	897,900							
Restricted				\$ 1,431,236	\$ 3,998,990	\$ 6,498,696	\$ 7,756,121	\$ 8,228,241	\$ 8,082,566	\$ 7,569,574
Assigned				409,374	625,271	374,802	371,703	426,892	740,061	895,319
Unassigned				1,036,691	984,611	1,161,679	632,449	701,389	722,563	1,075,772
Total general fund	<u>\$ 6,298,739</u>	<u>\$ 4,281,134</u>	<u>\$ 2,265,349</u>	<u>\$ 2,877,301</u>	<u>\$ 5,608,872</u>	<u>\$ 8,035,177</u>	<u>\$ 8,760,273</u>	<u>\$ 9,356,522</u>	<u>\$ 9,545,190</u>	<u>\$ 9,540,665</u>
All Other Governmental Funds										
Unreserved	\$ 1	\$ 1	\$ 1							
Assigned										
Restricted				\$ 1	\$ 1	\$ 2	\$ 350,135	\$ 890,337	\$ (57,547)	\$ 438
Total All Other Governmental Funds	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 350,135</u>	<u>\$ 890,337</u>	<u>\$ (57,547)</u>	<u>\$ 438</u>

Source: District's Financial Records

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 39,441,795	\$ 38,792,404	\$ 39,109,380	\$ 40,681,287	\$ 41,023,709	\$ 41,088,261	\$ 41,483,350	\$ 42,255,479	\$ 43,080,841	\$ 43,919,238
Tuition	163,952	202,225	86,567	56,630		20,323	136,697	283,766	247,926	235,004
Transportation Fees - Other LEAs	22,277	3,895	4,479	1,768	1,093	6,617			19,957	115,128
Interest Earned - Capital Reserve	28,235	28,337	4,238	2,349		6,910			14,779	19,945
Miscellaneous	371,588	232,018	140,508	163,819	151,086	306,739	211,234	278,078	544,813	352,544
State sources	8,172,495	7,161,176	6,822,610	5,219,073	6,365,013	7,143,746	7,285,607	7,771,691	8,551,420	8,978,550
Federal sources	1,113,840	844,820	1,919,917	1,179,551	1,183,379	1,650,446	1,019,478	1,100,862	1,215,029	1,116,367
Total revenue	49,314,182	47,264,875	48,087,699	47,304,477	48,728,104	50,223,042	50,136,366	51,689,876	53,674,765	54,736,776
Expenditures										
Instruction										
Regular Instruction	12,466,578	13,010,828	12,785,151	10,927,376	10,646,713	10,840,108	16,262,126	16,408,429	18,060,681	18,225,055
Special Education Instruction	5,305,687	5,794,144	5,260,078	4,957,083	4,832,609	5,036,368	8,549,832	8,673,915	8,495,107	8,735,396
Other Instruction	613,206	296,778	660,603	1,108,267	499,235	676,621	1,030,035	1,234,697	1,216,708	1,303,695
Other Special Instruction	267,922	630,204	215,817	32,172	29,208	37,211	62,639	49,756	56,636	60,424
Support Services:										
Tuition	592,350	762,478	1,484,917	1,144,983	1,292,990	1,574,261				
Student & Inst. Related Services	5,033,204	5,465,364	5,446,417	5,056,039	5,234,638	5,674,523	8,499,295	9,150,415	9,713,965	10,242,989
General Administration Services	879,325	928,443	831,929	926,991	901,539	777,304	940,996	888,640	975,003	972,930
School Administration Services	1,799,503	1,907,596	2,045,203	1,796,086	1,731,068	1,827,098	2,593,748	2,382,139	2,456,579	2,431,507
Admin. Information Technology	648,005	567,333	641,054	566,549	487,830	518,436	711,255	789,960	818,296	785,801
Central Services	497,597	522,642	515,889	553,876	559,664	473,185	673,698	694,708	701,830	723,448
Plant Operations and Maintenance	4,112,790	4,256,124	4,195,682	3,979,077	3,793,897	3,652,809	4,746,539	4,454,309	4,405,955	4,423,198
Pupil Transportation	2,653,038	2,748,111	2,775,026	2,647,174	2,756,846	2,499,334	2,966,024	3,072,896	2,525,340	2,813,261
Allocated Benefits	7,285,497									
Unallocated Benefits	4,364,216	10,648,181	11,622,564	12,287,118	11,658,391	13,029,120				
Debt Service										
Principal	385,000	385,000	380,000	375,000	375,000	370,000	1,207,480	1,329,355	1,522,320	1,053,347
Interest and Other Charges	308,300	295,788	282,881	269,669	256,543	242,581	292,937	264,445	316,113	120,451
Capital outlay	1,648,701	1,445,700	1,196,330	3,123,423	1,345,817	1,353,896	943,215	1,702,389	4,567,703	3,198,447
Special Schools	114,822	128,022	34,986	-	-	-	-	-	-	-
Total expenditures	48,975,741	49,792,736	50,374,527	49,750,883	46,401,988	48,582,855	49,479,819	51,096,053	55,832,236	55,089,949
Excess (Deficiency) of revenues over (under) expenditures	338,441	(2,527,861)	(2,286,828)	(2,446,406)	2,326,116	1,640,187	656,547	593,823	(2,157,471)	(353,173)
Other Financing sources (uses)										
Transfer to Food Service Fund							582,000	800,475	1,514,215	1,241,708
Transfers In										
Transfers Out							(582,000)	(800,475)	(1,514,215)	(1,241,708)
Prior Year Accounts Payable Cancelled						406,703				
Capital Leases (Non-Budget)	552,265	510,256	271,043	3,058,358	405,455	379,416	418,682	542,628	1,301,653	406,633
Payment to Escrow Agent									(4,712,642)	-
Premium on Refunding Bonds									414,244	-
Serial Bonds Debt Issued									4,395,000	-
Total other financing sources (uses)	552,265	510,256	271,043	3,058,358	405,455	786,119	418,682	542,628	1,398,255	406,633
Net change in fund balances	\$ 890,706	\$ (2,017,605)	\$ (2,015,785)	\$ 611,952	\$ 2,731,571	\$ 2,426,306	\$ 1,075,229	\$ 1,136,451	\$ (759,216)	\$ 53,460
Debt service as a percentage of noncapital expenditures	1.47%	1.41%	1.35%	1.38%	1.40%	1.30%	3.09%	3.23%	3.59%	2.26%

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Transportation Fees</u>	<u>Rentals - Use of Facilities</u>	<u>Sale of SREC</u>	<u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2008	\$ 163,952	\$ 299,691	\$ 22,277	\$ 514			\$ 95,618	\$ 582,052
2009	202,225	133,858	3,895				126,497	466,475
2010	86,567	40,487	4,479	3,325			100,934	235,792
2011	56,630	15,012	1,768				151,156	224,566
2012	13,719	12,853	10,076	1,093			118,262	156,003
2013	20,323	15,755	6,617	11,219			272,525	326,439
2014	136,697	13,036	7,436	6,277			175,585	339,031
2015	283,766	15,118	8,938	5,405	\$ 153,715		86,216	553,158
2016	247,926	20,846	19,957	7,151	259,679	\$ 168,583	102,633	826,775
2017	235,004	19,945	115,128	13,305	129,766	\$ 1,937	194,234	709,319

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Source: District records (GAAP Basis)

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Tax-Exempt Property	Total Direct School Tax Rate ^a
2008	\$ 73,980,100	\$ 2,175,843,900	\$ 3,526,800	\$ 157,600	\$ 440,184,300	\$ 166,746,900	\$ 40,661,200	\$ 2,901,100,800	\$ 3,170,052	\$ 2,904,270,852	\$ 4,591,732,572	\$ 937,428,400	\$ 1.35
2009	57,991,000	2,191,514,300	4,195,500	159,400	440,278,600	157,233,000	40,661,200	2,892,033,000	3,511,905	2,895,544,905	4,589,387,613	944,482,600	1.35
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	4,773,710,605	945,762,000	1.38
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	4,229,138,313	945,641,300	1.44
2012	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700		3,601,736,700	4,201,426,235	405,150,100	1.14
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000		3,601,392,000	3,935,116,405	407,837,100	1.15
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800		3,568,973,800	3,801,875,651	408,552,300	1.17
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000		3,555,715,000	3,829,398,626	409,409,900	1.20
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100		3,579,254,100	3,579,254,100	409,692,400	1.22
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900		3,593,083,900	3,593,083,900	413,450,900	1.22

Source: County Abstract of Ratables

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a Tax rates are per \$100

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>Regional School District</u>	<u>County (2)</u>
2008	\$ 3.280	\$ 1.350	\$ 0.780	\$ 0.790	\$ 0.360
2009	3.330	1.350	0.820	0.810	0.350
2010	3.480	1.380	0.860	0.860	0.380
2011	3.580	1.440	0.900	0.890	0.350
2012	2.870	1.140	0.760	0.690	0.280
2013	2.912	1.147	0.796	0.698	0.271
2014	3.003	1.174	0.839	0.718	0.272
2015	3.060	1.200	0.857	0.734	0.269
2016	3.082	1.216	0.864	0.720	0.282
2017	3.082	1.216	0.864	0.720	0.282

(1) Includes Open Space Tax and Library

(2) Includes County Open Space Tax

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

Source: Tax Duplicate, Borough of Rockaway

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

Taxpayer	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates/Corporate Property Investors, Inc.	\$ 170,041,500	4.73%
Tilcon	58,800,900	1.64%
WPG Rockaway Commons LLC	53,255,800	1.48%
Marvin F. Poer and Company	30,121,400	0.84%
MarketPlace at Rockaway, LLC	29,073,500	0.81%
Rockaway 2014 LLC	26,971,100	0.75%
Macy's East Inc.	25,346,900	0.71%
Dover UE, LLC	25,000,000	0.70%
Rustic Ridge, Inc.	24,800,000	0.69%
Exeter 100 Forge Way LLC	25,958,300	0.72%
Exeter 100 Forge Way LLC	25,958,300	0.72%
	<u>\$ 469,369,400</u>	<u>13.06%</u>

	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates/Corporate Property Investors, Inc.	\$ 174,560,200	6.01%
Tilcon	36,804,000	1.27%
MarketPlace at Rockaway, LLC	21,851,700	0.75%
The Bergen Record	20,917,100	0.72%
Rockaway Office LLC	20,722,300	0.71%
Rustic Ridge, Inc.	20,424,100	0.70%
Dover VF c/o Vornado Realty Trust	18,394,400	0.63%
Macy's East/Federated Department Stores	17,876,100	0.62%
Target Corp	17,818,700	0.61%
Retail Property Trust	15,635,600	0.54%
	<u>\$ 365,004,200</u>	<u>12.56%</u>

Source: Municipal Tax Assessor

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 39,441,795	\$ 39,441,795	100.00%	-
2009	38,792,404	38,792,404	100.00%	-
2010	39,109,380	39,109,380	100.00%	-
2011	40,681,287	40,681,287	100.00%	-
2012	41,023,709	41,023,709	100.00%	-
2013	41,088,261	41,088,261	100.00%	-
2014	41,483,350	41,483,350	100.00%	-
2015	42,255,478	42,255,478	100.00%	-
2016	43,080,841	43,080,841	100.00%	-
2017	43,919,236	43,919,236	100.00%	-

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2008	\$ 7,625,000	\$ 955,133	\$ 8,580,133	25,312	\$ 339
2009	7,240,000	1,074,765	8,314,765	25,438	327
2010	6,860,000	945,604	7,805,604	24,176	323
2011	6,485,000	3,479,570	9,964,570	24,290	410
2012	6,110,000	2,822,980	8,932,980	24,378	366
2013	5,740,000	2,355,765	8,095,765	24,493	331
2014	5,370,000	1,936,966	7,306,966	24,441	299
2015	5,005,000	1,515,238	6,520,238	24,679	264
2016	4,395,000	1,659,571	6,054,571	24,554	247
2017	3,950,000	1,457,857	5,407,857	24,554 *	220

Source: District records

*= Estimated

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 7,625,000		\$ 7,625,000	0.26%	\$ 301
2009	7,240,000		7,240,000	0.25%	285
2010	6,860,000		6,860,000	0.24%	284
2011	6,485,000		6,485,000	0.23%	267
2012	6,110,000		6,110,000	0.17%	251
2013	5,740,000		5,740,000	0.16%	235
2014	5,370,000		5,370,000	0.15%	299
2015	5,005,000		5,005,000	0.14%	264
2016	4,395,000		4,395,000	0.12%	247
2017	3,950,000		3,950,000	0.11%	220

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
Rockaway School District Direct Debt (June 30, 2016)	\$ 3,950,000
Morris Hills Regional School District	11,292,122
Township of Rockaway	<u>29,500,203</u>
 Total Direct Debt	 44,742,325
 Overlapping Debt Apportioned to the Municipality:	
Morris County General Obligation Debt	<u>9,520,463</u>
 Total Direct and Overlapping Debt	 <u>\$ 54,262,788</u>

- (A) The debt for this entity was apportioned to the Borough of Rockaway by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Morris County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (a) Borough of Rockaway 2016 Annual Debt Statement

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

Legal Debt Margin Calculation for Calendar Year 2016

	Equalized valuation basis
	2016 \$ 3,944,516,310
	2015 3,811,464,251
	2014 3,833,484,211
	<u>\$ 11,589,464,772</u>
Average equalized valuation of taxable property	\$ 3,863,154,924
Debt limit (3 % of average equalization value)	115,894,648 ^a
Total Net Debt Applicable to Limit	<u>3,950,000</u>
Legal debt margin	<u>\$ 111,944,648</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 130,726,040	\$ 135,009,909	\$ 138,280,731	\$ 136,545,257	\$ 132,469,970	\$ 123,977,655	\$ 119,286,503	\$ 115,829,425	\$ 114,705,189	\$ 115,894,648
Total net debt applicable to limit	<u>7,625,000</u>	<u>7,240,000</u>	<u>6,860,000</u>	<u>6,485,000</u>	<u>6,110,000</u>	<u>5,740,000</u>	<u>5,370,000</u>	<u>5,005,000</u>	<u>4,395,000</u>	<u>3,950,000</u>
Legal debt margin	<u>\$ 123,101,040</u>	<u>\$ 127,769,909</u>	<u>\$ 131,420,731</u>	<u>\$ 130,060,257</u>	<u>\$ 126,359,970</u>	<u>\$ 118,237,655</u>	<u>\$ 113,916,503</u>	<u>\$ 110,824,425</u>	<u>\$ 110,310,189</u>	<u>\$ 111,944,648</u>
Total net debt applicable to the limit as a percentage of debt limit	5.83%	5.36%	4.96%	4.75%	4.61%	4.63%	4.50%	4.32%	3.83%	3.41%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Township Unemployment Rate</u>	<u>Population</u>
2008	2.90%	\$ 74,025	2.90%	25,312
2009	7.10%	97,614	7.10%	25,438
2010	7.10%	69,811	7.10%	24,176
2011	7.00%	71,730	7.00%	24,290
2012	7.20%	74,057	7.20%	24,378
2013	5.50%	75,054	5.50%	24,493
2014	5.00%	82,810	5.00%	24,441
2015	4.20%	86,582	4.20%	24,679
2016	4.00%	86,582 *	4.00%	24,554
2017	4.00% *	86,582 *	4.00% *	24,554 *

*= Estimated

(1) County of Bergen

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

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2017</u>
Instruction										
Regular	185.0	190.0	184.0	182.0	181.5	181.0	176.5	169.5	178.5	177.5
Special Education	69.0	76.0	79.0	80.0	79.5	80.0	88.0	96.0	104.5	95.5
Other Special Education	19.0	25.0	25.0	26.0	8.5	8.0	8.0	18.5	14.5	18.5
Support Services:										
Student & Instruction Related Service	76.0	100.0	100.0	117.0	80.0	80.0	83.0	98.0	99.5	110.0
School Administrative Services	20.0	23.0	26.0	26.0	27.5	29.0	28.0	24.0	24.5	23.0
General and Business Administration	18.0	21.0	23.0	23.0	10.5	12.0	12.0	11.5	11.0	11.0
Plant Operations and Maintenance	45.0	43.0	52.0	52.0	32.5	33.0	31.0	31.0	31.0	32.5
Pupil Transportation	39.0	47.0	59.0	62.0	54.0	54.0	51.0	50.0	46.0	40.0
Total	<u>471.0</u>	<u>525.0</u>	<u>548.0</u>	<u>568.0</u>	<u>474.0</u>	<u>477.0</u>	<u>477.5</u>	<u>498.5</u>	<u>509.5</u>	<u>508.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2008	2,764	\$ 46,633,740	\$ 16,872	5.55%	297	10:1	12:1	2,747	2,638	-3.41%	96.03%
2009	2,724	47,666,248	17,499	3.72%	304	12:1	12:1	2,715	2,607	-1.16%	96.02%
2010	2,630	48,515,316	18,447	5.42%	301	12:1	12:1	2,619	2,522	-3.54%	96.30%
2011	2,578	45,982,791	17,837	-3.31%	317	12:1	12:1	2,562	2,459	-2.18%	95.98%
2012	2,527	44,424,628	17,580	-1.44%	296	12:1	12:1	2,490	2,397	-2.81%	96.27%
2013	2,475	46,616,378	18,835	7.14%	283	12:1	12:1	2,438	2,343	-2.09%	96.10%
2014	2,444	47,036,187	19,246	2.18%	273	12:1	12:1	2,407	2,314	-1.27%	96.14%
2015	2,364	47,799,864	20,220	5.06%	284	12:1	11:1	2,363	2,269	-1.83%	96.02%
2016	2,371	49,426,100	20,846	3.10%	298	12:1	11:1	2,406	2,309	1.82%	95.97%
2017	2,380	50,717,694	21,310	2.23%	281	11:1	11:1	2,395	2,290	-0.46%	95.62%

Sources: District records

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

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

	<u>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>	<u>2017</u>
District Building										
Birchwood										
Square Feet	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914
Capacity (students)	232	232	232	232	232	232	232	232	232	232
Enrollment	360	362	353	327	307	295	279	279	307	315
Copeland										
Square Feet	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733
Capacity (students)	408	408	408	408	408	408	408	408	408	408
Enrollment	966	997	921	921	927	904	878	872	861	817
C.A. Dwyer										
Square Feet	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	314	326	309	336	324	313	338	311	323	311
Dennis B. O'Brien										
Square Feet	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523
Capacity (students)	104	104	104	104	104	104	104	104	104	104
Enrollment	335	340	347	298	308	309	298	298	336	342
K.D. Malone										
Square Feet	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990
Capacity (students)	216	216	216	216	216	216	216	216	216	216
Enrollment	353	368	299	269	258	258	251	266	272	272
Stony Brook										
Square Feet	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396
Capacity (students)	249	249	249	249	249	249	249	249	249	249
Enrollment	436	438	408	404	366	363	350	322	323	352

Number of Schools at June 30, 2016
 Elementary = 5
 Middle School = 1
 Senior High School = 0
 Other = 0

Source: District Records

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

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

		<u>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>	<u>2017</u>
School Facilities	Project #(s)										
Birchwood	N/A	\$ 100,103	\$ 103,420	\$ 98,841	\$ 93,744	\$ 112,964	\$ 157,797	\$ 149,353	\$ 58,699	\$ 151,215	\$ 277,308
Copeland Middle	N/A	436,096	450,547	281,309	266,802	321,503	252,242	285,947	266,527	189,706	182,115
C.A. Dwyer	N/A	184,213	190,317	115,228	109,286	131,692	137,748	126,282	210,800	187,533	131,494
Dennis B. O'Brien	N/A	99,278	102,568	165,399	156,869	189,032	177,410	196,161	146,150	156,618	113,782
K.D. Malone	N/A	151,587	156,610	150,583	142,817	172,099	160,401	156,643	195,985	231,627	245,389
Stony Brook	N/A	<u>111,942</u>	<u>115,651</u>	<u>149,096</u>	<u>141,407</u>	<u>170,399</u>	<u>127,783</u>	<u>121,524</u>	<u>75,757</u>	<u>140,486</u>	<u>108,250</u>
Grand Total		<u>\$ 1,083,219</u>	<u>\$ 1,119,113</u>	<u>\$ 960,456</u>	<u>\$ 910,925</u>	<u>\$ 1,097,689</u>	<u>\$ 1,013,381</u>	<u>\$ 1,035,910</u>	<u>\$ 953,918</u>	<u>\$ 1,057,185</u>	<u>\$ 1,058,338</u>

Source: School District's Financial Statements

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:	\$ 500,000,000 Fund Agg.	
Insurance Fund		
Building & Personal Property		\$ 2,500
Auto Physical Damage		\$ 1,000
General Liability including Auto, Employee Benefits	\$ 5,000,000	
Each Occurrence		
General Aggregate	\$ 100,000,000 Fund Agg.	
Fire Damage	\$ 2,500,000	
Medical Expenses - (Excluding students taking part in athletics)	\$ 10,000	
Environmental Impairment Liability	\$1,000,000/\$25,000,000 Fund Agg	\$ 10,000
	First Party Fungi & Legionella	\$ 100,000
Crime Coverage	\$50,000 Inside/Outside	\$ 1,000
Blanket Dishonesty Bond	\$ 500,000	\$ 1,000
Boiler & Machinery	\$ 100,000,000	\$ 2,500
Excess Liability (AL/GL)	\$ 5,000,000	
School Board Legal (SLPL) NJSIG	\$10,000,000 - Coverage A	\$ 15,000
	\$100,000/\$3000,000 - Coverage B	\$ 15,000
Workers' Compensation - NJSIG	Statutory	
Employer's Liability	\$ 2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	\$300,000 Selective Insurance	
Bond for Treasurer of School Monies	\$300,000 Selective Insurance	
Student Accident Bollinger	All Students & Athletes \$5,000,000	Full Excess

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, 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
Rockaway Township School District
Hibernia, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Rockaway Township School District's basic financial statements and have issued our report thereon dated October 23, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-1 that we consider to be a significant deficiency.

Compliance and Other Matters

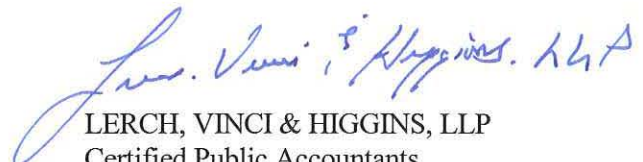
As part of obtaining reasonable assurance about whether the Rockaway Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which is described in the accompanying schedule of findings and responses as item 2017-01.

Rockaway Township School District's Response to Finding

The Rockaway Township School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Rockaway Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 23, 2017



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Rockaway Township School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rockaway Township School District's major federal and state programs for the fiscal year ended June 30, 2017. The Rockaway Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Rockaway Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

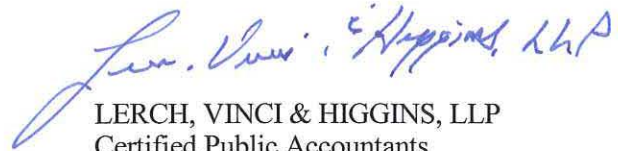
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 23, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 23, 2017

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2016	Deferred Revenue Carryover Amount	Accounts Payable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2017			GAAP Receivable
										(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education													
Passed-through State Department of Agriculture													
Child Nutrition Cluster													
Non-Cash Assistance (Food Distribution)	10.555	171NJ304N1099	9/1/16-6/30/17	\$ 41,771				\$ 41,771	\$ 40,255		\$ 1,516		
Non-Cash Assistance (Food Distribution)	10.555	16161NJ304N1095	9/1/15-6/30/16	40,471	\$ 1,747				1,747				
National School Lunch Program	10.555	171NJ304N1099	9/1/16-6/30/17	170,997			136,284	170,998	\$ (34,713)			\$ (34,713)	
National School Lunch Program	10.555	16161NJ304N1095	9/1/15-6/30/16	177,287	(33,564)		33,564						
School Breakfast Program	10.553	171NJ304N1099	9/1/16-6/30/17	11,211		-	8,831	11,211	(2,380)				(2,380)
School Breakfast Program	10.553	16161NJ304N1095	9/1/15-6/30/16	7,395	(1,551)	-	1,551						
Total Child Nutrition Cluster/Food Service Fund					(33,368)	-	-	222,001	224,211	(37,093)	1,516	-	(37,093)
U.S. Department of Education													
General Fund:													
Medical Assistance Program	93.778	1705NJ5MAP	7/1/16-6/30/17	8,249			8,249	8,249	-				-
Medical Assistance Program	93.778	1605NJ5MAP	7/1/15-6/30/16	2,434	(2,434)		2,434						-
Impact Aid	84.041	N/A	7/1/16-6/30/17	365,038			365,038	365,038	-				-
Impact Aid	84.041	N/A	7/1/15-6/30/16	380,285	(31,414)	-	31,414						-
Total General Fund					(33,848)	-	-	407,135	373,287	-	-	-	-
U.S. Department of Education													
Passed-through State Department of Education													
NCLB Consolidated													
Title I	84.010	S010A160030	9/1/16-8/31/17	76,758		\$ 1,517	\$ (1,517)	57,526	75,517	(20,749)	2,758		(17,991)
Title I	84.010	S010A150030	9/1/15-8/31/16	79,644	(24,970)	(1,517)	1,517	24,970					
Total Special Education Cluster NCLB Title I					(24,970)	-	-	82,496	75,517	(20,749)	2,758	-	(17,991)
Title II - Part A	84.281A	S367A160029	9/1/16-8/31/17	48,661			44,300	44,300	(4,361)	4,361			-
Title II - Part A	84.281A	S367A150029	9/1/15-8/31/16	51,514	(23,638)		23,638						-
Total Special Education Cluster NCLB Title II Part A					(23,638)	-	-	67,938	44,300	(4,361)	4,361	-	-
Title III	84.365	S365A160030	9/1/16-8/31/17	19,572		5,467	(5,467)	18,517	24,909	(6,522)	130		(6,392)
Title III	84.365	S365A150030	9/1/15-8/31/16	20,547	(4,975)	(5,467)	5,467	4,975					-
Total Special Education Cluster NCLB Title III					(4,975)	-	-	23,492	24,909	(6,522)	130	-	(6,392)
Title III Immigrant	84.365A	S365A160030	9/1/16-8/31/17	5,977			5,843	5,977	(134)				(134)
Title III Immigrant	84.365A	S365A150030	9/1/15-8/31/16		(4,805)		4,805						-
Total Special Education Cluster NCLB Title III Immigrant					(4,805)	-	-	10,648	5,977	(134)	-	-	(134)
I.D.E.A. Part B, Basic	84.027A	H027A160100	9/1/16-8/31/17	561,143			510,324	561,143	(50,819)				(50,819)
I.D.E.A. Part B, Basic	84.027A	H027A150100	9/1/15-8/31/16	582,593	(41,904)		41,904						-
I.D.E.A. Part B, Preschool	84.173	H173A160114	9/1/16-8/31/17	31,234			26,112	31,234	(5,122)				(5,122)
I.D.E.A. Part B, Preschool	84.173	H173A150114	9/1/15-8/31/16	31,023	(6,926)		6,926						-
Total Special Education Cluster I.D.E.A.					(48,830)	-	-	585,266	592,377	(55,941)	-	-	(55,941)
Total U.S. Department of Education/Special Revenue Fund					(107,218)	-	-	769,840	743,080	(87,707)	7,249	-	(80,458)
Total					\$ (174,434)	\$ -	\$ -	\$ 1,398,976	\$ 1,340,578	\$ (124,800)	\$ 8,765	\$ -	\$ (117,551)

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2017			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education														
General Fund														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 854,190				\$ 771,664	\$ 854,190		\$ (82,526)				\$ 854,190
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	883,819	\$ (86,658)			86,658							
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	1,534,759				1,386,481	1,534,759		(148,278)				1,534,759
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	1,517,265	(148,766)			148,766							
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	50,153				45,308	50,153		(4,845)				50,153
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	43,651	(4,280)			4,280							
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	82,223				74,279	82,223		(7,944)				82,223
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	82,223	(8,062)			8,062							
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	22,585				20,403	22,585		(2,182)				22,585
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	22,585	(2,214)			2,214							
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	22,585				20,403	22,585		(2,182)				22,585
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	22,585	(2,214)			2,214							
Prof Learning comm Aid	17-495-034-5120-101	7/1/16-6/30/17	23,390				21,130	23,390		(2,260)				23,390
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	565				510	565		(55)				565
Total State Public Aid				(252,194)	-	-	2,592,372	2,590,450	-	(250,272)	-	-	-	2,590,450
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	166,910				150,784	166,910		(16,126)				166,910
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	136,876	(13,420)			13,420							
Nonpublic Transportation	17-495-034-5120-014	7/1/16-6/30/17	16,182					16,182		(16,182)		\$ (16,182)		16,182
Nonpublic Transportation	16-495-034-5120-014	7/1/15-6/30/16	16,762	(16,762)			16,762							
Extraordinary Aid	17-495-034-5120-444	7/1/16-6/30/17	594,674					594,674		(594,674)				594,674
Extraordinary Aid	16-495-034-5120-444	7/1/15-6/30/16	550,123	(550,123)			550,123							
On-Behalf Payments														
TPAF Pension Contribution	17-495-034-5094-002	7/1/16-6/30/17	2,084,789				2,084,789	2,084,789						2,084,789
TPAF Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	75,537				75,537	75,537						75,537
TPAF Pension - Post Retirement Medical Costs	17-495-034-5094-001	7/1/16-6/30/17	1,800,043				1,800,043	1,800,043						1,800,043
TPAF Pension - Long Term Disability		7/1/16-6/30/17	4,064				4,064	4,064						4,064
TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	1,462,087				1,390,000	1,462,087		(72,087)		(72,087)		1,462,087
TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	1,459,489	(72,246)			72,246							
Total General Fund				(904,745)	-	-	8,750,140	8,794,736	-	(949,341)	-	-	(88,269)	8,794,736
Special Revenue Fund														
Handicapped Services														
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	785				785	785						785
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	1,040			\$ 75			\$ 75					
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	530				530	442				\$ 88		442
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,881				2,881	1,866				1,015		1,866
Total Nonpublic Handicapped Aid (Chpt 193) Cluster				-	-	75	4,196	3,093	75	-	-	1,103	-	3,093
New Jersey Nonpublic Aid														
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	519				519	519						519
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	2,627			\$ 2,057			2,056			1		
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	234				234	234						234
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	1,196			758			758					
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	450				450	450						450
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	1,150			877			877					
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	810				810	810						810
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	4,140			1,851			1,851					
Total Special Revenue Fund				-	-	5,618	6,209	5,106	5,617	-	-	1,104	-	5,106

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2017			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State of New Jersey Schools Development Authority:														
Capital Projects														
Catherine Dwyer Elementary - Elevator	4490-019-14-1004-G04	2014	78,000	\$ (78,000)			\$ 78,000							
Catherine Dwyer Elementary - HVAC	4490-019-14-1005-G04	2017	152,400					\$ 90,620		\$ (152,400)	\$ 61,780		\$ (152,400)	\$ 90,620
Birchwood Elementary - Windows	4490-010-14-1002-G04	2014	270,600	(270,600)	-	-	270,600	-	-	-	-	-	-	-
Total Capital Projects Fund				(348,600)	-	-	348,600	90,620	-	(152,400)	61,780	-	(152,400)	90,620
Debt Service Fund														
Debt Service State Aid Support	17-495-034-5120-075	7/1/16-6/30/17	133,423	-	-	-	133,423	133,423	-	-	-	-	-	133,423
Total Debt Service Fund				-	-	-	133,423	133,423	-	-	-	-	-	133,423
Enterprise Fund														
State School Lunch Program	17-100-010-3350-023	9/1/16-6/30/17	6,682				5,331	6,682		(1,351)			(1,351)	6,682
State School Lunch Program	16-100-010-3350-023	9/1/15-6/30/16	6,790	(1,295)	-	-	1,295	-	-	-	-	-	-	-
Total Enterprise Fund				(1,295)	-	-	6,626	6,682	-	(1,351)	-	-	(1,351)	6,682
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,254,640)	\$ -	\$ 5,618	\$ 9,244,998	\$ 9,030,567	\$ 5,617	\$ (1,103,092)	\$ 61,780	\$ 1,104	\$ (242,020)	\$ 9,030,567
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
TPAF Pension Contribution	17-495-034-5094-002	7/1/16-6/30/17	2,084,789					(2,084,789)						
TPAF Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	75,537					(75,537)						
TPAF Pension - Post Retirement Medical Costs	17-495-034-5094-001	7/1/16-6/30/17	1,800,043					(1,800,043)						
TPAF Pension - Long Term Disability		7/1/16-6/30/17	4,064					(4,064)						
Total for State Single Audit Major Program Determination								(3,964,433)						
								\$ 5,066,134						

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$45,335 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 and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 373,287	\$ 8,749,401	\$ 9,122,688
Special Revenue Fund	743,080	5,106	748,186
Capital Projects Fund		90,620	90,620
Debt Service Fund		133,423	133,423
Food Service Fund	224,211	6,682	230,893
	<u> </u>	<u> </u>	<u> </u>
Total Awards Financial Assistance	<u>\$ 1,340,578</u>	<u>\$ 8,985,232</u>	<u>\$ 10,325,810</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,462,087 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$2,160,326, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,800,043 and TPAF Long-Term Disability Insurance in the amount of \$4,064 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued on Financial Statements Unmodified _____

Internal control over financial reporting:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ X yes _____ none reported

Noncompliance material to the basic financial statements noted? _____ X yes _____ no

Federal Awards Section

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

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

Auditee qualified as low-risk auditee? _____ X yes _____ no

Internal Control over major programs:

(1) Material weaknesses identified? _____ yes X no

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

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

Identification of major federal programs:

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

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

Unmodified

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

\$ 750,000

Auditee qualified as low-risk auditee?

X yes no

Internal Control over major programs:

(1) Material weakness(es) identified

yes X no

(2) Significant deficiency identified that are not considered to be material weakness(es)?

yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?

yes X no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5094-003</u>	<u>TPAF Social Security</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-102</u>	<u>Host District Support Aid</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2017-001

Our audit revealed that certain vendors were not charged to the proper budget (object code) account lines in accordance with the Uniform Minimum Chart of Accounts.

Criteria or Specific Requirement

Uniform Minimum Chart of Accounts for New Jersey Public Schools

Conditions

Employee health benefits were charged to group insurance rather than health benefits budget line account, architect fees were charged to other purchase professional and tech services code rather than architectural services and annual subscriptions and starter kits were charged to cleaning repairs and maintenance rather than other objects and supplies.

Questioned Costs

Unknown.

Context

Health benefits, architect fees, annual subscriptions and starter kits were not charged to the correct budget account lines.

Effect

The District is not in compliance with the State of New Jersey Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Cause

Unknown.

Recommendation

All expenditures be charged to the proper budget account lines in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

CURRENT YEAR FEDERAL AWARDS

There were none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

CURRENT YEAR STATE AWARDS

There were none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.