

SCHOOL DISTRICT
OF
Roseland Borough

Roseland Borough School District
Board of Education
Roseland Borough, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Comprehensive Annual
Financial Report

of the

Roseland Borough
Board of Education

Roseland Borough, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Roseland Borough
Board of Education

ROSELAND BOARD OF EDUCATION
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INTRODUCTORY SECTION

Lester C. Noecker School

Roseland School District

100 Passaic Ave.
Roseland, New Jersey 07068
973.226.1296

September 29, 2017

The Honorable President and Members of
the Board of Education
Roseland Board of Education
County of Essex, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Roseland Board of Education (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 Roseland 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 statements 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 and a list of principal officials. The financial section includes The Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's 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 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's OMB 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' report 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 Roseland Board of Education 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 Roseland Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education, for handicapped youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 460 students, which is 28 students more than the prior year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: Roseland is a mature suburban community within Essex County. According to recent reports, the statistical profile of economic indicators shows that Roseland maintains a slow growth. Property valuations have slightly increased. The Borough of Roseland completed a revaluation that was reflected in the 2011 taxes. There was a significant shift from the commercial side to the residential side of the 2011 tax base.

Over the past five years, the Borough has been involved in litigation regarding numerous, long standing tax appeals. The commercial tax appeals are significant, as the outcome of the appeals has had and will have substantial and adverse consequences to the Borough's budget and financial stability.

Regardless of the economic climate, there is a feeling among the educational leaders that the residents of Roseland will continue to support the District's educational goals.

3. MAJOR INITIATIVES: As in years past, the District's annual financial plan provides a balance between building maintenance projects and program needs. In general, the buildings are well maintained. There is a program of preventive maintenance in place. The comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects. Funding for these projects is included in the annual budget. There are, however, facility needs that can only be addressed through allocations from the Capital Reserve Account. During the 2016-17 the Board budgeted over \$90,000 to address communications and technology needs, only utilizing a small portion of that allocation however with the remaining reverting back to Capital Reserve for future projects planned for the summer of 2017, outside of this budget year. The communication systems upgrade included phone systems which were integrated into other school district technologies for enhanced security and usability. The Board is planning for significant projects in summer of 2017.

Regarding program enhancements, the District continues to purchase the necessary hardware to enhance instruction. Classrooms are equipped with computers and printers for teacher and student use. Printers and copiers were also upgraded to integrate and expand usage by staff and be more flexible to teachers needs in Google Classroom.

We continue to improve our technology equipment by increasing the number of hard-wired smart boards and replacing a few of our older PC's. We also started piloting a 1-to-1 initiative for students in grades 4, which should be complete by the later half of 2017. We also continue to improve the use of the data available to teachers through electronic programs and software for grades 3-6. The hardware in unison with the web-based systems and software compel students to engage in the lessons being presented. They come to school with a high level of technology savvy and the school keeps them engaged for things innovative and technical. An enhanced Wi-Fi System was also completed in the 2015-16 school year to make the technology run more seamlessly and efficiently. The students demand this level of performance in their instructional day as now an integral part of society and likely their future careers. An upgrade of the data pipe to the Internet will radically alter access from the network LAN. This will enable the opportunity for communication through data, voice and video down to the desktop computer.

Teachers attended a variety of professional development workshops in and out-of-district. With new No Child Left Behind Title monies, the District was able to provide extensive in-house training by Jennifer Serravallo relating to literacy language arts including curricula writing. Further, all District employees were provided training on identifying and reporting harassment, intimidation and bullying incidents. The District continues to support special education and speech teachers training in FDU Orton Gillingham program as well as support for integrating technology across all subjects.

Public school districts are required to seek cost savings through shared services programs. Current shared services include:

- ✓ Professional Development (West Essex Consortium)
- ✓ Transportation (Sussex County Regional Coop)
- ✓ Ed Data Supply Services (Purchasing Group)
- ✓ Middlesex Regional Educational Services (Purchasing Group)
- ✓ Snow Plowing - Sewer - Water - Waste Disposal - Field Maintenance (Borough of Roseland)
- ✓ Alliance for Competitive Energy Services (ACES)
- ✓ Insurance Fund for Property and Liability (NJSIG)
- ✓ Insurance Fund for Worker's Compensation (MEIG)

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

As a recipient of federal and state financial assistance, 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 federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

The Honorable President and Members of
the Board of Education
Roseland Board of Education
Page 4
September 29, 2017

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Roseland School 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 our financial and accounting staff.

Respectfully submitted,



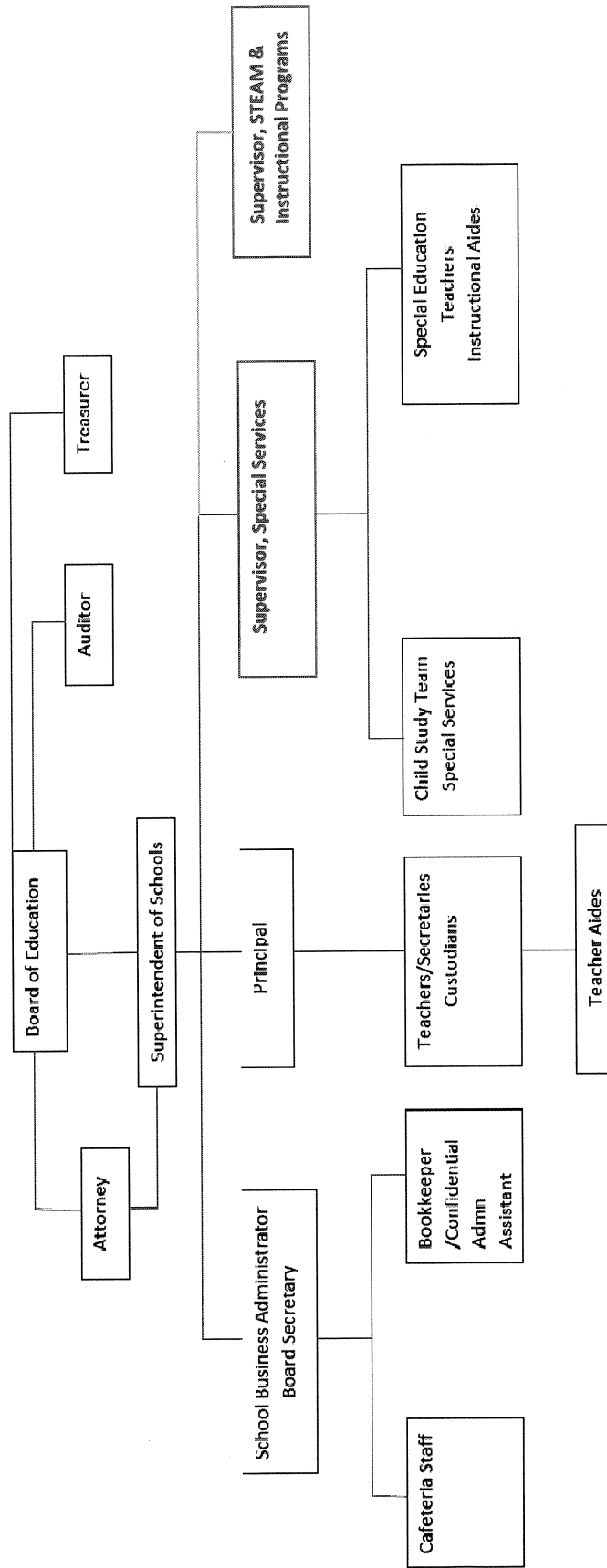
Deanne Somers
Superintendent of Schools



Julie Anne Kot
Business Administrator/Board Secretary

ROSELAND BOARD OF EDUCATION

1110 ORGANIZATIONAL CHART



ROSELAND SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Anna Gordon, President	2019
Mr. Neal Goldstein, Vice-President	2017
Mrs. Julie DiGiacomo	2017
Mr. Scott Gorman	2018
Mrs. Jean Perrotti	2018

Other Officials

Title

Ms. Deanne Somers	Superintendent
Mr. Jason M. Bohm	Business Administrator/ Board Secretary
Ms. Robyn Greenwald	Principal
Mr. Michael Falkowski	Treasurer of School Monies
Mr. Richard Freda	Assistant to the Business Administrator

ROSELAND SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2017

Audit Firm

John Mooney
Nisivoccia LLP, CPAs
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Attorney

Anthony Sciarrillo
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238 St. Paul Street
Westfield, NJ 07090

Official Depository

Lakeland Bank
Thomas Kasper
995 Bloomfield Avenue
Caldwell, NJ 07006

Bond Attorney

Andrea Kahn, Esq.
McManimon & Scotland, L.L.C.
One River Front Plaza, Fourth Floor
Newark, NJ 07102-5408

Architect

Solutions Architecture Corp.
Frank Messineo, AIA
81 Clay Street 2nd Floor
Newark, NJ 07104

Health Benefits Broker

Brown & Brown Benefits Advisors
Anthony Ciardella, Jr., Regional VP
5 Regent Street Suite 523
Livingston NJ 07039

Property & Casualty Broker

Centric Insurance Agency, Inc.
Lee G. Nestel, President
219 South Street
New Providence NJ 07974

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Roseland Board of Education
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District, in the County of Essex, 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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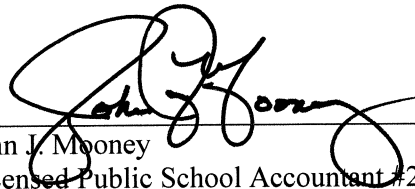
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 29, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

This section of Roseland Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2016/17 school year are as follows:

- The District's net position increased \$630,606 during the year.
- In 2016/17, the Governmental Activities had \$11,762,799 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2016/17 were \$11,133,492.
- The District's total bonded debt decreased by \$585,000 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Green Township School District's Financial Report

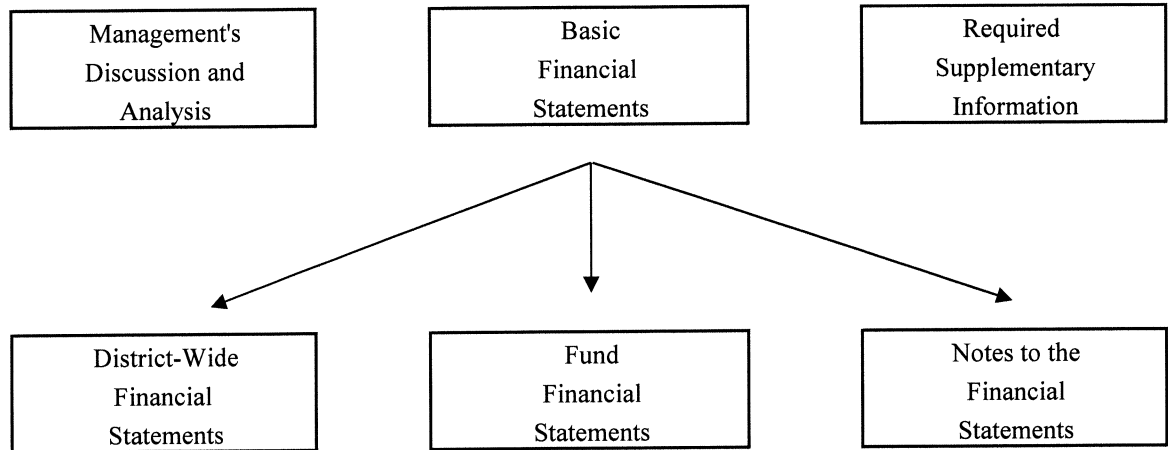


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements			
	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary 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	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2016/17 is \$469,572. This same amount is also factored in as an expense in this report.

Figure A-3

	Condensed Statement of Net Position						Total
	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change
Current and Other Assets	\$ 1,686,032	\$ 1,266,146	\$ 14,012	\$ 17,285	\$ 1,700,044	\$ 1,283,431	32.46%
Capital Assets, Net	11,879,092	12,335,838	56,756	47,474	11,935,848	12,383,312	-3.61%
Total Assets	<u>13,565,124</u>	<u>13,601,984</u>	<u>70,768</u>	<u>64,759</u>	<u>13,635,892</u>	<u>13,666,743</u>	-0.23%
Deferred Outflows of Resources	<u>2,317,231</u>	<u>1,344,203</u>			<u>2,317,231</u>	<u>1,344,203</u>	72.39%
Other Liabilities	1,391,792	1,164,267	16,230	11,520	1,408,022	1,175,787	19.75%
Long-Term Liabilities Outstanding	<u>9,872,478</u>	<u>9,948,213</u>			<u>9,872,478</u>	<u>9,948,213</u>	-0.76%
Total Liabilities	<u>11,264,270</u>	<u>11,112,480</u>	<u>16,230</u>	<u>11,520</u>	<u>11,280,500</u>	<u>11,124,000</u>	1.41%
Deferred Inflows of Resources	<u>199,106</u>	<u>44,035</u>			<u>199,106</u>	<u>44,035</u>	352.15%
Net Position:							
Net Investment in Capital							
Assets	5,890,468	5,812,192	56,756	47,474	5,947,224	5,859,666	1.49%
Restricted	1,254,034	614,522			1,254,034	614,522	104.07%
Unrestricted / (Deficit)	<u>(2,725,523)</u>	<u>(2,637,042)</u>	<u>(2,218)</u>	<u>5,765</u>	<u>(2,727,741)</u>	<u>(2,631,277)</u>	-3.67%
Total Net Position	<u>\$ 4,418,979</u>	<u>\$ 3,789,672</u>	<u>\$ 54,538</u>	<u>\$ 53,239</u>	<u>\$ 4,473,517</u>	<u>\$ 3,842,911</u>	16.41%

Changes in net position. The District's combined net position was \$4,473,517 on June 30, 2017, \$630,606 or 16.41% more than it was the year before. (See Figure A-3). The reduction of District long-term debt associated with capital assets and the unspent budget appropriations were the primary reasons for the increase in the year end governmental net position offset by increase in net pension liability. The net position of the business-type activities increased \$1,299 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Revenue:							
Program Revenue:							
Charges for Services			\$ 147,163	\$ 127,281	\$ 147,163	\$ 127,281	15.62%
Operating Grants and Contributions	\$ 3,146,452	\$ 2,459,030	25,511	24,853	3,171,963	2,483,883	27.70%
General Revenue:							
Property Taxes	8,275,004	8,109,079			8,275,004	8,109,079	2.05%
Unrestricted Federal and State Aid	57,855	32,875			57,855	32,875	75.98%
Other	283,488	111,223			283,488	111,223	154.88%
Total Revenue	11,762,799	10,712,207	172,674	152,134	11,935,473	10,864,341	9.86%
Expenses:							
Instruction	6,813,810	6,368,321			6,813,810	6,368,321	7.00%
Pupil & Instruction Services	1,617,640	1,481,893			1,617,640	1,481,893	9.16%
Administrative and Business	1,037,222	946,103			1,037,222	946,103	9.63%
Maintenance & Operations	698,581	625,275			698,581	625,275	11.72%
Transportation	366,873	289,444			366,873	289,444	26.75%
Other	599,366	634,832	171,375	154,794	770,741	789,626	-2.39%
Total Expenses	11,133,492	10,345,868	171,375	154,794	11,304,867	10,500,662	7.66%
Change in Net Position	\$ 629,307	\$ 366,339	\$ 1,299	\$ (2,660)	\$ 630,606	\$ 363,679	73.40%

Revenue Sources. The District's total revenue for the 2016/17 school year was \$11,935,473. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$8,275,004 of the total, or 69.33 percent. (See Figure A-5). Another 27.06 percent came from state formula aid and other state and federal aid and grants, and the remainder came from miscellaneous sources. Roseland Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

Figure A-5

Sources of Revenue for Fiscal Year 2017

<u>Sources of Income</u>	<u>Amount</u>	<u>Percentage</u>
State Formula Aid	\$ 3,171,963	26.58%
Property Taxes	8,275,004	69.33%
Federal and State Categorical Grants	57,855	0.48%
Charges for Services	147,163	1.23%
Other	283,488	2.38%
	<u>\$ 11,935,473</u>	<u>100.00%</u>

The total cost of all programs and services was \$11,304,867. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.83 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.17 percent of total costs. The most significant contributor to the costs of Maintenance and Operations was higher energy (electrical) costs.

Figure A-6

Expenses for Fiscal Year 2017

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 6,813,810	60.27%
Pupil & Instruction Services	1,617,640	14.31%
Administrative and Business	1,037,222	9.17%
Maintenance & Operations	698,581	6.18%
Transportation	366,873	3.25%
Other	770,741	6.82%
	<u>\$ 11,304,867</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has increased in 2016-17. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses generated from declining revenues is essential for the District's financial stability.

Financial resources are at their tightest level in a decade, while demands for new educational activities and programs continue. It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

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

Figure A-7
Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2016/17	2015/16	2016/17	2015/16
Instruction	\$ 6,813,810	\$ 6,368,321	\$ 4,024,474	\$ 4,146,994
Pupil & Instruction Services	1,617,640	1,481,893	1,435,109	1,370,337
Administrative and Business	1,037,222	946,103	894,229	848,030
Maintenance & Operations	698,581	625,275	690,608	618,117
Transportation	366,873	289,444	343,254	268,528
Other	599,366	634,832	599,366	634,832
Total	\$ 11,133,492	\$ 10,345,868	\$ 7,987,040	\$ 7,886,838

- The cost of all governmental activities this year was \$11.1 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,229,818).
- Most of the District's costs (\$8.28 million), however, were financed by District taxpayers.
- The remainder of the funding came from tuition, miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$1,299, which is due primarily to a increase in federal and state lunch reimbursements (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position is relatively sound despite significant declining budget revenues during a difficult economic environment. The reduction in State aid has had a direct impact upon the District's revenues and will directly increase pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year; however, legislation enacted has limited the amount of fund balance to 2% going forward. Accordingly, the Roseland District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2015/16 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following category:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
	Land	\$ 107,904	\$ 107,904			\$ 107,904	\$ 107,904
Construction in Progress		300,000				300,000	-100.00%
Buildings & Building Improvements	11,512,191	11,580,239			11,512,191	11,580,239	-0.59%
Machinery and Equipment	258,997	347,695	\$ 56,756	\$ 47,474	315,753	395,169	-20.10%
Total	\$11,879,092	\$ 12,335,838	\$ 56,756	\$ 47,474	\$ 11,935,848	\$ 12,383,312	-3.61%

Long-Term Liabilities

At year-end, the District had \$6,460,000 in general obligation bonds, \$3,251,636 of net pension liability and \$160,842 in other long-term liabilities outstanding – a decrease of \$75,735 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2016/17	2015/16	2016/17
	General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 6,460,000	\$ 7,045,000
Net Pension Liability	3,251,636	2,738,805	18.72%
Unamortized Bond Premiums	571,093	634,538	-10.00%
Other Long Term Liabilities	160,842	164,408	-2.17%
Total	\$ 10,443,571	\$ 10,582,751	-1.32%

- The District continued to pay down its debt, retiring \$585,000 of general obligation bonds.
- In 2016/17 the District paid down another installment of its leases payable in the amount of \$3,083.
- In 2016/17 the District saw an increase in its net pension liability in the amount of \$512,831.

Factors Bearing on the District's Economic Future

The Board and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following examples may have an impact and affect the financial operation in the future:

1. The stagnant economy and high-level of debt in our state has generated concern in the educational community for public school funding.
2. Future challenges for the financial planning to address facility improvements and upgrades to the Lester C. Noecker School to meet enrollment and curriculum demands particularly considering the 2% tax levy budget cap currently in place.

STAGNANT ECONOMY

Schools around the country were recently impacted by the worst recession in decades. The response was to impose such measures as staff and service reductions, smaller textbook and supplies budgets, outsourcing of services, and fewer resources through contraction of non-mandatory expenses. New Jersey continues to struggle with greater than average unemployment, high-levels of debt, and a burgeoning pension liability which in turn has affected the State's bond rating. Governor Christie implemented a number of changes in order to help communities address future budget deficits and has taken steps to attempt to reduce long-term liabilities held by the State. The changes have had an effect on suburban public school districts recognized for providing innovative and cutting edge programs to their students to by placing a hold on expanding their academic offerings. The Roseland Public School District, which is mostly residential, is concerned that if the state continues to cut aid to education, municipalities will experience even more dramatic increases in property taxes.

It is reasonable to say that many public school districts across the country are, or will be, facing fiscal difficulties and will need to raise additional revenue or limit expenditures. Prior to 2003, school districts in New Jersey were allowed to maintain a maximum unreserved general fund balance equal to 6% of the districts' total general fund expenditure. Adding to the financial stress was the passage of S1701. Adopted by the State of New Jersey on June 17, 2004, this law forced school districts to decrease their allowable undesignated general fund balance and to either give it back to the local taxpayers, or apply the excess surplus to fund the subsequent fiscal year budget.

Undesignated general fund balance can best be described as a "rainy-day" savings account. The funds would be available for any unplanned emergency, such as repairs to an aging boiler, or implementing the individual educational plan of a special needs student arriving in the district mid-year. This new legislation required districts to decrease their allowable surplus from six percent to three percent by the end of the 2003-04 school year. The following year districts had to cut even further. Beginning in 2004-05 school year districts could only maintain an undesignated general fund balance of two percent.

Proponents of education vigorously opposed S1701, not only because it made districts vulnerable in the event of costly emergencies, but also placed restrictions on adjusting a financial plan that was created 12 months prior to its implementation. Specifically, the law places limits on the district's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available

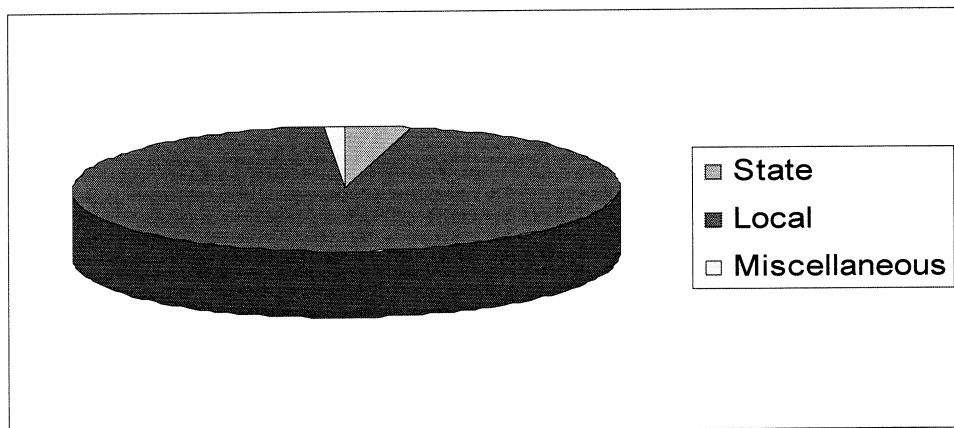
funds during the budget year severely impacts on the ability to maintain and improve facilities.

The Roseland Public School District is aware of the signs of fiscal stress and has taken the necessary action to ensure fiscal stability. Some of the steps taken are as follows:

- ✓ Refinancing of debt obligations and payoff of original bonding.
- ✓ Carefully develop balanced budgets for revenues and expenditures for all fund groups.
- ✓ Ensure expenditures are within the budgeted amounts.
- ✓ Contraction of non-mandatory obligations in budget to stay within non-referendum budget limits.
- ✓ Monitor the budgets on an ongoing basis and ensure that appropriations are not overspent.
- ✓ Expand capital and other reserves considering 2% tax levy.
- ✓ Develop a long-term (five-year) fiscal plan and update it annually.

Finally, the discussion about the constant increases in local property taxes in the media has polarized many communities, and in the center of this discontent is the cost of education. The Trustees of the Roseland Public School District are aware that future successful budgets will be reliant on continuing to maintain a positive relationship with the municipal government and the local taxpayers. The chart below clearly identifies the importance of this fact.

Revenue Share of 2016-17 Roseland School Budget



FUTURE CHALLENGES FOR FINANCIAL PLANNING

Over the last several years, a number of building maintenance projects were set aside to address educational program requirements such as the hiring of staff, mandated changes to the curriculum, maintaining contractual entitlements, increased utility costs and a number of other increasing fixed costs. A comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects and funding for these projects is included in the annual budget. However, an annual program of preventive maintenance cannot adequately address some of the desired infrastructure upgrades, which have been identified as being needed.

The facility plan began with a request for professional services for security and safety upgrades which the architect presented to the Board in December of 2014. The following is a listing of the selected improvements:

- ✓ Signage – locations, type and size.
- ✓ Operable/moveable road blocking equipment to close access road by generator.
- ✓ Installation of surveillance cameras
- ✓ Creation of a “man-trap” at the main entrance.
- ✓ Wire mesh glass, bullet resistant film in entry doors and selected windows.
- ✓ Updated emergency designs in line with plans and procedures with local officials.
- ✓ Classroom doors retrofitted with intruder locksets.
- ✓ Master key locking system.
- ✓ Impact resistant bollards around emergency generator.
- ✓ Paving the front lot due to prevent continuing water main breaks and hazards.
- ✓ Enhanced communications and intercom systems.

The Board completed the projects listed above by the end of the school year 2017 through the bidding and quotation process with selected firms. Although the Board was able to finance these improvements with capital funding via the local tax levy, it has diminished the District’s reserves for future facility improvements. The Board recognizes the need to replenish said reserves in the near future while working with the architect to revamp our long range facilities plan to align with future financial plans and budgetary constraints. The Board anticipates to continue to save for future reserves to implement strategies developed during Strategic Planning process which will conclude in the fall of 2017.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Lester C. Noecker School, 100 Passaic Avenue, Roseland, New Jersey 07068.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ROSELAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 840,981	\$ 4,630	\$ 845,611
Receivables:			
Other Governments	98,174	1,095	99,269
Internal Balances	(2,159)	2,159	
Inventory		6,128	6,128
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	749,036		749,036
Capital Assets:			
Sites (Land)	107,904		107,904
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	11,771,188	56,756	11,827,944
Total Assets	<u>13,565,124</u>	<u>70,768</u>	<u>13,635,892</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount of Refunding	477,543		477,543
Changes in Assumptions - Pension	673,565		673,565
Difference between Expected and Actual Experience - Pensions	60,471		60,471
Investment Gains - Pension	123,988		123,988
Changes in Proportions - Pension	290,571		290,571
District Contribution Subsequent to the Measurement Date	120,000		120,000
Total Deferred Outflows of Resources	<u>1,746,138</u>		<u>1,746,138</u>
LIABILITIES:			
Accounts Payable	174,302	8,100	182,402
Unearned Revenue	6	3,941	3,947
Interfund Payable	2,281		2,281
Accrued Interest Payable	73,017		73,017
Prepaid Sales		4,189	4,189
Noncurrent Liabilities:			
Due Within One Year	676,538		676,538
Due Beyond One Year	9,767,033		9,767,033
Total Liabilities	<u>10,693,177</u>	<u>16,230</u>	<u>10,709,407</u>
DEFERRED INFLOWS OF RESOURCES:			
Change in Proportion	199,106		199,106
Total Deferred Inflows of Resources	<u>199,106</u>		<u>199,106</u>
NET POSITION:			
Net Investment in Capital Assets	5,890,468	56,756	5,947,224
Restricted for:			
Capital Projects	749,036		749,036
Excess Surplus	250,000		250,000
Excess Surplus - Designated for Subsequent Year's Expenditures	254,998		254,998
Unrestricted / (Deficit)	(2,725,523)	(2,218)	(2,727,741)
Total Net Position	<u>\$ 4,418,979</u>	<u>\$ 54,538</u>	<u>\$ 4,473,517</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,614,422		\$ 1,609,084		\$ (3,005,338)		\$ (3,005,338)
Special Education	1,745,804		1,022,233		(723,571)		(723,571)
Other Special Instruction	453,584		158,019		(295,565)		(295,565)
Support Services:							
Tuition	16,705				(16,705)		(16,705)
Student & Instruction Related Services	1,600,935		182,531		(1,418,404)		(1,418,404)
General Administrative Services	394,559		89,690		(304,869)		(304,869)
School Administrative Services	353,013		53,303		(299,710)		(299,710)
Central Services	289,650				(289,650)		(289,650)
Plant Operations and Maintenance	698,581		7,973		(690,608)		(690,608)
Pupil Transportation	366,873		23,619		(343,254)		(343,254)
Interest on Long-Term Debt	211,581				(211,581)		(211,581)
Capital Outlay	61,817				(61,817)		(61,817)
Special Schools	38,973				(38,973)		(38,973)
Unallocated Depreciation	286,995				(286,995)		(286,995)
Total Governmental Activities	11,133,492		3,146,452		(7,987,040)		(7,987,040)

ROSELAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 171,375	\$ 147,163	\$ 25,511			\$ 1,299	\$ 1,299
Total Business-Type Activities	171,375	147,163	25,511			1,299	1,299
Total Primary Government	\$ 11,304,867	\$ 147,163	\$ 3,171,963	\$ -0-	\$ (7,987,040)	1,299	(7,985,741)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					7,462,179		7,462,179
Taxes Levied for Debt Service					812,825		812,825
Federal and State Aid not Restricted					57,855		57,855
Miscellaneous Income					283,488		283,488
Total General Revenue					8,616,347		8,616,347
Change in Net Position					629,307	1,299	630,606
Net Position - Beginning					3,789,672	53,239	3,842,911
Net Position - Ending					\$ 4,418,979	\$ 54,538	\$ 4,473,517

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

FUND FINANCIAL STATEMENTS

ROSELAND BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 840,975	\$ 6	\$ 840,981
Receivables From State Government	98,174		98,174
Restricted Cash and Cash Equivalents	749,036		749,036
Total Assets	\$ 1,688,185	\$ 6	\$ 1,688,191
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 54,302		\$ 54,302
Interfunds Payable	4,440		4,440
Unearned Revenue		\$ 6	6
Total Liabilities	58,742	6	58,748
Fund Balances:			
Restricted:			
Capital Reserve Account	749,036		749,036
Excess Surplus	250,000		250,000
Excess Surplus - Designated for Subsequent Years' Expenditures	254,998		254,998
Assigned:			
Year-end Encumbrances	77,320		77,320
For Subsequent Year's Expenditures	6,172		6,172
Unassigned	291,917		291,917
Total Fund Balances	1,629,443		1,629,443
Total Liabilities and Fund Balances	\$ 1,688,185	\$ 6	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,509,352 and the accumulated depreciation is \$6,630,260.	11,879,092
Bond issuance premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The amount is \$698,003 and the accumulated amortization is \$126,910.	(571,093)
The deferred amount of refunding is not reported as an expenditure in the Governmental Funds in the year of expenditure. The amount is \$583,665 and the accumulated amortization is \$106,122.	477,543
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(73,017)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(3,251,636)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows:	
Changes in Assumptions - Pensions	673,565
Difference between Expected and Actual Experience - Pensions	60,471
Net Difference Between Projected and Actual Interest Earnings - Pensions	123,988
Changes in Proportion - Pensions	290,571
Deferred Inflows:	
Changes in Proportion - Pensions	(199,106)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(6,620,842)
Net Position of Governmental Activities	\$ 4,418,979

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 7,462,179		\$ 812,825	\$ 8,275,004
Tuition	80,220			80,220
Miscellaneous	203,268	\$ 45,504		248,772
Total - Local Sources	7,745,667	45,504	812,825	8,603,996
State Sources	1,366,726			1,366,726
Federal Sources		132,089		132,089
Total Revenues	9,112,393	177,593	812,825	10,102,811
EXPENDITURES:				
Current:				
Regular Instruction	2,197,567	83,144		2,280,711
Special Education Instruction	837,328	94,449		931,777
Other Special Instruction	223,361			223,361
Support Services and Undistributed Costs:				
Tuition	16,705			16,705
Student & Instruction Related Services	1,033,108			1,033,108
General Administrative Services	258,812			258,812
School Administrative Services	194,256			194,256
Central Services	197,748			197,748
Plant Operations and Maintenance	571,090			571,090
Pupil Transportation	366,873			366,873
Unallocated Benefits	2,378,306			2,378,306
Debt Service:				
Principal			585,000	585,000
Interest and Other Charges			227,825	227,825

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 67,966			\$ 67,966
Special Schools	38,973			38,973
Total Expenditures	<u>8,382,093</u>	<u>\$ 177,593</u>	<u>\$ 812,825</u>	<u>9,372,511</u>
Excess/(Deficiency) of Revenue over / (under) Expenditures	<u>730,300</u>			<u>730,300</u>
Net Change in Fund Balances	730,300			730,300
Fund Balance - July 1	899,143			899,143
Fund Balance - June 30	<u>\$ 1,629,443</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,629,443</u>

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

ROSELAND BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 730,300

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.

Depreciation Expense	\$ (462,895)
Capital Asset Additions	6,149

(456,746)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

5,850

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

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ROSELAND BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	\$ (512,831)
Deferred Outflows:	
Changes in Assumptions	379,439
Difference between Expected and Actual Experience	(4,867)
Net difference between projected and actual investment earnings on pension plan investments	168,023
Changes in Proportion	(370,286)
Deferred Inflows:	
Changes in Proportion	91,465
The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)	63,455
The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)	(53,061)
Repayment of serial bonds and capital leases are an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	588,083
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 629,307</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 4,630
Accounts Receivable:	
State	92
Federal	1,003
Interfund Receivable	2,159
Inventories	<u>6,128</u>
Total Current Assets	<u>14,012</u>
Non-Current Assets:	
Capital Assets	115,712
Less: Accumulated Depreciation	<u>(58,956)</u>
Total Non-Current Assets	<u>56,756</u>
Total Assets	<u>70,768</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	8,100
Unearned Revenue - Donated Commodities	3,941
Prepaid Sales	<u>4,189</u>
Total Current Liabilities	<u>16,230</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	56,756
Unrestricted/(Deficit)	<u>(2,218)</u>
Total Net Position	<u>\$ 54,538</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Fund</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 141,067
Daily Sales - Non-Reimbursable Programs	<u>6,096</u>
Total Operating Revenue	<u>147,163</u>
Operating Expenses:	
Cost of Goods Sold - Reimbursable Programs	78,149
Cost of Goods Sold - Nonreimbursable Programs	13,284
Salaries and Payroll Taxes	57,646
Employee Benefits	3,416
Supplies and Materials	3,227
Management Fee	8,902
Depreciation Expense	<u>6,751</u>
Total Operating Expenses	<u>171,375</u>
Operating Loss	(24,212)
Non-Operating Revenue:	
Local Sources:	
Interest Income	115
State Sources:	
State School Lunch Program	1,435
Federal Sources:	
National School Lunch Program	15,886
Food Distribution Program	<u>8,075</u>
Total Non-Operating Revenue	<u>25,511</u>
Change in Net Position	1,299
Net Position - Beginning of Year	<u>53,239</u>
Net Position - End of Year	<u><u>\$ 54,538</u></u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,024
Payments to Employees	(57,646)
Payments for Benefits	(3,416)
Payments to Suppliers	(94,963)
	(7,001)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Revenue	115
	115
Net Cash Provided by Investing Activities	
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	(16,034)
	(16,034)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	17,644
	17,644
Net Cash Provided by Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	(5,276)
Cash and Cash Equivalents, July 1	9,906
Cash and Cash Equivalents, June 30	\$ 4,630
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (24,212)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	8,075
Depreciation Expense	6,751
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	(166)
(Increase)/Decrease in Interfunds Receivable	(2,159)
(Increase)/Decrease in Accounts Payable	2,504
Increase/(Decrease) in Unearned Revenue	345
Increase/(Decrease) in Prepaid Sales	1,861
	(7,001)
Net Cash Used for Operating Activities	\$ (7,001)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$8,420 and utilized commodities valued at \$8,075.

ROSELAND BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 10,688		\$ 10,688
Interfund Receivable	5	\$ 2,276	2,281
Total Assets	<u>10,693</u>	<u>2,276</u>	<u>12,969</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	5		5
Due to Student Groups	<u>10,688</u>		<u>10,688</u>
Total Liabilities	<u>10,693</u>		<u>10,693</u>
<u>NET POSITION:</u>			
Held in Trust for Flexible Spending Benefits		<u>2,276</u>	<u>2,276</u>
Total Net Position	<u>\$ -</u>	<u>\$ 2,276</u>	<u>\$ 2,276</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	<u>\$ 3,000</u>
Total Additions	<u>3,000</u>
 DEDUCTIONS:	
Flexible Spending Claims	<u>2,190</u>
Total Deductions	<u>2,190</u>
Change in Net Position	810
Net Position - Beginning of the Year	<u>1,466</u>
Net Position - End of the Year	<u><u>\$ 2,276</u></u>

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide the specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate government. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

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

The District reports the following governmental funds:

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting:

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,112,937	\$ 177,593
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	25,045	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(25,589)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 9,112,393	\$ 177,593
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,382,093	\$ 177,593
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,382,093	\$ 177,593

E. Cash and Cash Equivalents, and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

E. Cash and Cash Equivalents, and Investments: (Cont'd)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings and Building Improvements	50 Years
Furniture, Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service. Upon retirement, employees shall be paid by the District for unused sick leave in accordance with the District's agreements with the various employee unions.

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,629,443 General Fund fund balance at June 30, 2017, \$749,036 is restricted in the capital reserve account; \$250,000 is current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; \$254,998 is prior year excess surplus and was appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$6,172 is assigned for subsequent year's expenditures; \$77,320 is assigned for year end encumbrances; and \$291,917 is unassigned which is \$25,589 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2018.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus of \$504,998 at June 30, 2017.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$25,589 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit Net Position:

The District has a \$2,725,523 deficit in its governmental activities Unrestricted Net Position at June 30, 2017. This deficit resulted mainly from bond issuance premium of \$571,093, and net pension liability of \$3,251,636; net of unassigned fund balance of \$291,917, and \$673,565 for changes in assumptions in pensions. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows of resources at June 30, 2017 for changes in proportion. The District had a deferred outflow of resources due to the deferred amount on the refunding, changes in assumptions and proportion in pension, the difference between expected and actual experience in pensions, investment gains in pensions, and the District contribution subsequent to the measurement date related to pensions at June 30, 2017.

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

R. Net Position: (Cont'd)

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for subsequent year's expenditures in the General Fund at June 30, 2017.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue represents sales for food service. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 856,299	\$ 749,036	\$ 1,605,335
	\$ 856,299	\$ 749,036	\$ 1,605,335

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,605,335 and the bank balance was \$1,670,176. The District did not hold any investments during the fiscal year ended June 30, 2017.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance at June 30, 2016	\$ 299,036
Increased by:	
Transfer by Board Resolution June 2017	450,000
Balance at June 30, 2017	\$ 749,036

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2017. The withdrawals from the capital reserve account were for use in DOE approved facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District made a transfer to the Capital Outlay account in the amount of \$3,090 for equipment which does not require approval from the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 107,904			\$ 107,904
Construction in Progress	300,000		\$ (300,000)	
Total Capital Assets not Being Depreciated	407,904	-0-	(300,000)	107,904
Capital Assets Being Depreciated				
Buildings and Building Improvements	16,433,920	\$ 300,000		16,733,920
Machinery and Equipment	1,667,533	6,149	(6,154)	1,667,528
Total Capital Assets Being Depreciated	18,101,453	306,149	(6,154)	18,401,448
Governmental Activities Capital Assets	18,509,357	306,149	(306,154)	18,509,352
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(4,853,681)	(368,048)		(5,221,729)
Machinery and Equipment	(1,319,838)	(94,847)	6,154	(1,408,531)
Total Accumulated Depreciation	(6,173,519)	(462,895)	6,154	(6,630,260)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 12,335,838	\$ (156,746)	\$ (300,000)	\$ 11,879,092
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 99,678	\$ 16,034		115,712
Less Accumulated Depreciation	(52,205)	(6,751)		(58,956)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 47,473	\$ 9,283	\$ -0-	\$ 56,756

As of June 30, 2017, the District did not have any construction in progress.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 124,982
General Administration	50,918
Unallocated	286,995
	\$ 462,895

NOTE 7. LONG-TERM DEBT LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Issued/ Accrued	Retired	Balance 6/30/2017	Amounts Due in a Year
Compensated Absences Payable	\$ 155,158		\$ 483	\$ 154,675	
Serial Bonds Payable	7,045,000		585,000	6,460,000	\$ 610,000
Net Pension Liability	2,738,805	\$ 512,831		3,251,636	
Unamortized Bond Premium	634,548		63,455	571,093	
Obligations Under Capital Leases	9,250		3,083	6,167	3,083
	\$ 10,582,761	\$ 512,831	\$ 652,021	\$ 10,443,571	\$ 613,083

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$63,455 and is separated from the long-term liabilities balance of \$507,638.

B. Bonds Payable:

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

On May 23, 2013 the District issued \$7,135,000 refunding bonding with an interest rate of 2.00% to 4.00% to refund \$7,167,000 of the \$10,917,000 school bonds dated February 15, 2005 with rates ranging from 4.00% to 4.25%. The refunding bonds will mature on September 1, 2013 through September 1, 2025 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds on May 23, 2013 and redeemed the refunded bonds, at a redemption price equal to 100% of par, on September 1, 2013, which was the first optional redemption date. The refunding met the requirements on an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$484,545, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt).

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

B. Bonds Payable (Cont'd):

The District had bonds outstanding as of June 30, 2017 as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bond - 2013	9/1/2025	3.00% - 4.00%	\$6,460,000

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

<u>Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 610,000	\$ 209,900	\$ 819,900
2019	630,000	191,300	821,300
2020	650,000	172,100	822,100
2021	685,000	150,650	835,650
2022	715,000	124,650	839,650
2023-2026	3,170,000	210,075	3,380,075
	<u>\$ 6,460,000</u>	<u>\$ 1,058,675</u>	<u>\$ 7,518,675</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board has no bonds authorized but not issued.

D. Capital Leases Payable:

The District entered into a capital lease for a copier totaling \$15,416 in the prior year of which \$9,249 has been liquidated as of June 30, 2017. The capital lease is for a term of five years in length, and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2017.

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 3,755
2019	3,756
Total minimum lease payments	7,511
Less: Amount representing interest	(1,344)
Present value of net minimum lease payments	<u>\$ 6,167</u>

The current portion of Capital Leases payable at June 30, 2017 is \$3,083 and the long-term portion is \$3,093.

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$154,675. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

F. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$0- and the long term portion is \$3,251,636. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$98,214 for 2016.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District's liability was \$3,251,636 for its proportionate share of the 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 July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.011%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized actual pension expense in the amount of \$346,588. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 40,873	
	2015	5.72	167,019	
	2016	5.57	465,673	
			<u>673,565</u>	
Difference Between Expected and Actual Experience	2015	5.72	46,339	
	2016	5.57	14,132	
			<u>60,471</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(61,250)	
	2015	5.00	39,188	
	2016	5.00	146,050	
			<u>123,988</u>	
Changes in Proportion	2014	6.44	73,359	
	2015	5.72	217,212	
	2016	5.57	(199,106)	(199,106)
			<u>290,571</u>	<u>(199,106)</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	120,000	
			<u>\$ 1,268,595</u>	<u>\$ (199,106)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 193,176
2018	193,176
2019	223,801
2020	188,026
2021	59,845
	<u>\$ 858,024</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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:

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%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<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 U.S. 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. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 3,984,500	\$ 3,251,636	\$ 2,646,593

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$387,748 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,061,785.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$27,440,672. 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 July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.0348%, which was an decrease of 0.003% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		27,440,672
Total	\$	27,440,672

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,061,785 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$17,414,701,002</u>	<u>\$134,532,594</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	<u>4,098,702,110</u>
	<u>\$ 17,280,168,408</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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.

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

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	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%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 32,770,295	\$ 27,440,672	\$ 23,088,348
<u>Pension Plan Fiduciary Net Position - TPAF</u>			

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$3,298 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$10,684 for the year ended June 30, 2017.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding 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 benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$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 Pension 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/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$334,788, \$332,548 and \$320,537 for 2017, 2016 and 2015 respectively.

NOTE 10. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Commerce Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability

The Roseland Board of Education is currently a member of the Morris Essex Insurance Group and the New Jersey Schools Insurance Group (the "Groups"). The Morris Essex Insurance Group provides its members with Workers' Compensation. New Jersey School Insurance Group provides its members with property Building and Contents, General Liability, Automotive Liability, and Employer Liability Insurance. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Groups are risk-sharing public entity risk pools that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Groups are elected. As members of the Groups, the Board of Education could be subject to supplemental assessments in the event of deficiencies. If the assets of the Groups were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Groups can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2017 financial information was not available as of the date of the audit. Selected financial information for the Groups as of June 30, 2016 is as follows:

	<u>New Jersey Schools Insurance Group</u> <u>June 30, 2016</u>	<u>Morris Essex Insurance Group</u> <u>June 30, 2016</u>
Total Assets	\$ 310,222,850	\$ 9,740,564
Net Position	\$ 68,222,364	\$ 7,012,792
Total Revenue	\$ 124,872,219	\$ 3,393,346
Total Expenses	\$ 113,965,181	\$ 1,680,814
Change in Net Position	\$ 10,907,038	\$ 1,712,532
Members Dividends	\$ -0-	\$ 802,365

Financial statements for the Groups are available at the respective Group's Executive Director's Office:

Morris Essex Insurance Group

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201)664-0310

New Jersey Schools Insurance Group (NJSIG)

600 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The Board of Education has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Board is required to remit the New Jersey Unemployment Trust Fund employee withholdings and employer share of contributions for future benefits to be paid to its former employees charged to its account with the State.

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. TAX CALENDAR

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

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

As of June 30, 2016, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
<u>\$ 77,320</u>	<u>\$ 77,320</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

The Board is periodically involved in pending lawsuits. The Board estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the Board.

NOTE 15. ACCOUNTS PAYABLE

At year end June 30, 2017, the Board has the following accounts payable in the governmental funds:

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u> <u>Food Service Fund</u>
Vendors	\$ 54,302	\$ 54,302		\$ 54,302	\$ 8,100
State of New Jersey			\$ 120,000	120,000	
	<u>\$ 54,302</u>	<u>\$ 54,302</u>	<u>\$ 120,000</u>	<u>\$ 174,302</u>	<u>\$ 8,100</u>

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 4,440
Food Service Fund	\$ 2,159	
Payroll Agency Fund	2,281	
	<u>\$ 4,440</u>	<u>\$ 4,440</u>

The general fund owes \$2,159 to the food service fund for federal and state funds received in general fund but not turned over by year end. The general fund also owes \$2,281 to the payroll agency fund for funds not transferred during fiscal year 2017.

REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0097470459%	0.0104656125%	0.0122006653%
District's proportionate share of the net pension liability	\$ 1,959,449	\$ 2,738,805	\$ 3,251,636
District's covered employee payroll	\$ 802,752	\$ 744,538	\$ 662,251
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	244.09%	367.85%	491.00%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually required contribution	\$ 86,277	\$ 104,893	\$ 97,535
Contributions in relation to the contractually required contribution	(86,277)	(104,893)	(97,535)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 801,526	\$ 802,752	\$ 744,538
Contributions as a percentage of covered employee payroll	10.76%	13.07%	13.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0367027219%	0.0373472679%	0.0348823435%
State's proportionate share of the net pension liability attributable to the District	\$ 19,616,410	\$ 23,605,068	\$ 27,440,672
District's covered employee payroll	\$ 3,462,859	\$ 3,490,372	\$ 3,452,595
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	566.48%	676.29%	794.78%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,055,547	\$ 1,441,302	\$ 2,061,785
Contributions in relation to the contractually required contribution	(201,913)	(279,282)	(387,748)
Contribution deficiency/(excess)	<u>\$ 853,634</u>	<u>\$ 1,162,020</u>	<u>\$ 1,674,037</u>
District's covered employee payroll	\$ 3,462,859	\$ 3,452,595	\$ 3,416,603
Contributions as a percentage of covered employee payroll	30.48%	-8.09%	-11.35%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

ROSELAND BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

ROSELAND BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,462,179		\$ 7,462,179	\$ 7,462,179	
Interest Earned on Capital Reserve	100	(100)			\$ 80,220
Tuition - Individuals			84,100	203,268	119,168
Miscellaneous	84,000	100	84,100		
Total - Local Sources	7,546,279		7,546,279	7,745,667	199,388
State Sources:					
Special Education Aid	237,363		237,363	237,363	
Transportation Aid	23,894		23,894	23,894	
Security Aid	8,056		8,056	8,056	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	4,330		4,330	4,330	
Per Pupil Growth Aid	4,330		4,330	4,330	
Extraordinary Aid	30,668		30,668	98,174	67,506
Professional Learning Community Aid	4,060		4,060	4,060	
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				387,748	387,748
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				334,788	334,788
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				14,049	14,049
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				1,253	1,253
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				249,224	249,224
Total State Sources	312,702		312,702	1,367,270	1,054,568
TOTAL REVENUES	7,858,981		7,858,981	9,112,937	1,253,956

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 68,700	\$ 2,000	\$ 70,700	\$ 64,731	\$ 5,969
Kindergarten	370,570	(4,558)	366,012	271,785	94,227
Grades 1-5	1,648,400	(66,694)	1,581,706	1,579,036	2,670
Grades 6-8	324,820	(80,000)	244,820	225,826	18,994
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000		1,000		1,000
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	17,250	(7,000)	10,250	9,484	766
General Supplies	58,650	(2,984)	55,666	42,865	12,801
Textbooks	30,000	(16,500)	13,500	3,590	9,910
Purchased Professional - Educational Services	250		250		
Total Regular Programs	<u>2,519,640</u>	<u>(175,736)</u>	<u>2,343,904</u>	<u>2,197,567</u>	<u>146,337</u>
Special Education:					
Learning and/or Language Disabilities	61,200		61,200	60,153	1,047
Salaries of Teachers	1,000	132	1,132	1,132	
General Supplies					
Total Language and/or Learning Disabilities	<u>62,200</u>	<u>132</u>	<u>62,332</u>	<u>61,285</u>	<u>1,047</u>

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 321,300	\$	\$ 321,300	\$ 320,904	\$ 396
Other Salaries for Instruction	306,290	40,000	346,290	344,974	1,316
Purchased Professional - Educational Services	15,000	5,380	20,380	20,380	
General Supplies	1,750	(1,296)	454	448	6
Total Resource Room/Resource Center	644,340	44,084	688,424	686,706	1,718
Autism:					
Salaries of Teachers	59,160	1,203	60,363	60,363	
Other Salaries for Instruction	18,120	2,280	20,400	20,400	
Purchased Professional - Educational Services	2,000	5,032	7,032	6,678	354
General Supplies	750	(315)	435	359	76
Total Autism	80,030	8,200	88,230	87,800	430
Home Instruction:					
Purchased Professional - Education Services		1,570	1,570	1,537	33
Total Home Instruction		1,570	1,570	1,537	33
Total Special Education	786,570	53,986	840,556	837,328	3,228
Basic Skills/Remedial:					
Salaries of Teachers	186,000	30,000	216,000	215,329	671
General Supplies	1,200	315	1,515	1,512	3
Total Basic Skills/Remedial	187,200	30,315	217,515	216,841	674
Other Instructional Programs - Instruction:					
Other Objects	16,500		16,500	6,520	9,980
Total Other Instructional Programs - Instruction:	16,500		16,500	6,520	9,980
Total Instruction	3,509,910	(91,435)	3,418,475	3,258,256	160,219

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Disabled - Within State	\$ 30,000		\$ 30,000	\$ 16,705	\$ 13,295
Total Instruction	30,000		30,000	16,705	13,295
Attendance and Social Work:					
Salaries	22,430	\$ (932)	21,498	20,290	1,208
Total Attendance and Social Work	22,430	(932)	21,498	20,290	1,208
Health Services:					
Salaries	70,410	2,673	73,083	73,083	
Purchased Professional and Technical Services	1,850	(50)	1,800	300	1,500
Other Purchased Services (400-500 series)	600	(141)	459	459	
Supplies and Materials	1,900	(1)	1,899	1,899	
Total Health Services	74,760	2,481	77,241	75,741	1,500
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	109,960	37,144	147,104	146,829	275
Purchased Professional - Educational Services	102,800	(38,423)	64,377	61,042	3,335
Supplies and Materials	2,400		2,400	1,561	839
Total Other Support Services - Speech, OT, PT and Related Services	215,160	(1,279)	213,881	209,432	4,449

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 59,160	\$ 2,603	\$ 61,763	\$ 61,763	
Supplies and Materials	440	(290)	150	141	9
Total Other Support Services - Guidance	59,600	2,313	61,913	61,904	9
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	301,370	(49,476)	251,894	246,946	4,948
Salaries of Secretarial and Other Clerical Assistants	31,770	775	32,545	32,545	
Unused Vacation Payment to Terminated/Retired Staff		851	851	851	
Other Purchased Services		10,277	10,277	8,779	1,498
Miscellaneous Purchased Services (400-500 series)	6,177	4,023	10,200	10,200	
Supplies and Materials	2,330	(92)	2,238	2,127	111
Other Objects	3,570	1,188	4,758	4,758	
Total Other Support Services - Child Study Team	345,217	(32,454)	312,763	306,206	6,557
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	11,000	(3,000)	8,000		8,000
Other Salaries	20,000	6,126	26,126	14,628	11,498
Purchased Professional and Educational Services	15,000		15,000	3,000	12,000
Other Purchased Professional and Technical Services	1,000		1,000	400	600
Other Purchased Services (400-500 Services)		274	274	274	
Supplies and Materials					
Total Improvement of Instructional Services	47,000	3,400	50,400	18,302	32,098
Educational Media Services/School Library:					
Salaries	61,160		61,160	36,386	24,774
Salaries of Technology Coordinators	138,610	5,935	144,545	144,545	
Purchased Professional - Technical Services	52,000	57,386	109,386	109,386	
Supplies and Materials	112,200	(59,091)	53,109	50,916	2,193
Total Educational Media Services/School Library	363,970	4,230	368,200	341,233	26,967

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 166,770	\$ 550	\$ 167,320	\$ 161,552	\$ 5,768
Legal Services	17,500	23,698	41,198	41,197	1
Other Purchased Professional Services	3,000	3,285	6,285	6,285	
Audit Fees	44,375	(6,152)	38,223	18,460	19,763
Communications/Telephone		10,000	10,000	9,090	910
BOE Other Purchased Services	3,000	(442)	2,558	2,558	
Miscellaneous Purchased Services (400-500 series)	16,500	(11,281)	5,219	4,793	426
General Supplies	2,500		2,500	2,209	291
Miscellaneous Expenditures	2,500	344	2,844	2,844	
BOE Membership Dues and Fees	7,000	5,668	12,668	9,824	2,844
Total Support Services - General Administration	263,145	25,670	288,815	258,812	30,003
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	117,000		117,000	115,825	1,175
Salaries of Other Professional Staff		8,728	8,728	6,650	2,078
Salaries of Secretarial and Clerical Assistants	62,730	5,970	68,700	68,700	
Purchased Professional - Technical Services	3,000	(17)	2,983		2,983
Other Purchased Service (400-500 series)	400		400	20	380
Supplies and Materials	1,200	25	1,225	1,225	
Other Objects	2,000	470	2,470	1,836	634
Total Support Services - School Administration	186,330	15,176	201,506	194,256	7,250

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 172,350	\$ 5,993	\$ 178,343	\$ 178,343	
Miscellaneous Purchased Services (400-500 series)	7,500	8,705	16,205	14,303	\$ 1,902
General Supplies	2,500	591	3,091	3,091	
Other Objects	1,300	711	2,011	2,011	
Total Central Services	183,650	16,000	199,650	197,748	1,902
Required Maintenance for School Facilities:					
Salaries		35,000	35,000	30,375	4,625
Cleaning, Repair and Maintenance Services	60,507	2,305	62,812	45,845	16,967
General Supplies	13,700	(374)	13,326	5,675	7,651
Other Objects	2,500		2,500	2,433	67
Total Required Maintenance for School Facilities	76,707	36,931	113,638	84,328	29,310
Custodial Services:					
Salaries	312,450	(35,000)	277,450	194,274	83,176
Cleaning, Repair, and Maintenance Services	30,467	(21,504)	8,963	8,847	116
Insurance	54,000		54,000	50,614	3,386
General Supplies	23,500		23,500	17,269	6,231
Energy (Gasoline)	1,550		1,550	497	1,053
Energy (Natural Gas)	65,000		65,000	49,218	15,782
Energy (Electricity)	155,000		155,000	132,169	22,831
Total Custodial Services	641,967	(56,504)	585,463	452,888	132,575

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds	\$ 15,400	\$ 3,200	\$ 18,600	\$ 17,716	\$ 884
Cleaning, Repair, and Maintenance Services	16,300	(6,777)	9,523	4,254	5,269
General Supplies	31,700	(3,577)	28,123	21,970	6,153
Total Care and Upkeep of Grounds					
Security:					
Cleaning, Repair, and Maintenance Services	10,000	1,904	11,904	11,904	
Total Security	10,000	1,904	11,904	11,904	
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	1,000	(829)	171	100	71
Contracted Services - (Regular Students) - Esc's & CTSA's	229,500	3,485	232,985	232,985	
Contracted Services - (Special Ed Students) - Esc's & CTSA's	80,894	39,641	120,535	120,528	7
Contracted Services - Aid in Lieu Payments- Non-public Schools	12,000	(10,698)	1,302	13,260	(11,958)
Total Student Transportation Services	323,394	31,599	354,993	366,873	(11,880)
Unallocated Benefits:					
Unemployment Compensation	25,000	(6,179)	18,821	18,821	
Workmen's Compensation	59,000	(3,330)	55,670	55,670	
Health Benefits	1,133,000	75,116	1,208,116	1,089,934	118,182
Tuition Reimbursement	23,000		23,000	6,518	16,482
Unused Sick Payout to Terminated/Retired Staff	40,698		40,698	26,202	14,496
Other Employee Benefits	17,000		17,000	14,866	2,134
Social Security Contributions	93,000	(821)	92,179	81,019	11,160
Other Retirement Contributions - PERS	120,000	(21,786)	98,214	98,214	
Total Unallocated Benefits	1,510,698	43,000	1,553,698	1,391,244	162,454

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)			\$ 387,748	\$ 387,748	\$ (387,748)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)			334,788	334,788	(334,788)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)			14,049	14,049	(14,049)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)			1,253	1,253	(1,253)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			249,224	249,224	(249,224)
Total On-Behalf Contributions			987,062	987,062	(987,062)
Total Undistributed Expenditures	\$ 4,385,728	\$ 87,958	\$ 4,473,686	5,016,898	(543,212)
Total Expenditures - Current Expense	7,895,638	(3,477)	7,892,161	8,275,154	(382,993)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Support Services - Students Regular	100	3,090	3,190	3,190	
Total Equipment	100	3,090	3,190	3,190	
Facilities Acquisition and Construction:					
Supplies and Materials	25,000		25,000		25,000
Construction Services	68,500		68,500	38,551	29,949
Assessment for Debt Service- SDA Funding	26,225		26,225	26,225	
Total Facilities Acquisition and Construction	119,725		119,725	64,776	54,949
Total Capital Outlay	119,825	3,090	122,915	67,966	54,949

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Summer School Instruction:					
Salaries of Teachers	\$ 35,000	(1)	\$ 34,999	\$ 29,446	\$ 5,553
Other Salaries for Instruction	12,000		12,000	8,646	3,354
General Supplies	500	388	888	881	7
Total Summer School Instruction/ Total Special Schools	47,500	387	47,887	38,973	8,914
Total Expenditures	8,062,963		8,062,963	8,382,093	(319,130)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,982)		(203,982)	730,844	934,826
Fund Balance, July 1	924,188		924,188	924,188	
Fund Balance, June 30	\$ 720,206	\$ -0-	\$ 720,206	\$ 1,655,032	\$ 934,826

Recapitulation:

Restricted Fund Balance:	\$ 749,036
Capital Reserve	250,000
Excess Surplus	254,998
Excess Surplus - Designated for Subsequent Year's Expenditures	
Assigned Fund Balance:	6,172
For Subsequent Year's Expenditures	77,320
Year End Encumbrances	317,506
Unassigned Fund Balance	1,655,032
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not recognized on GAAP Basis	(25,589)
Fund Balance per Governmental Funds (GAAP)	\$ 1,629,443

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 71,000	\$ 61,089	\$ 132,089	\$ 132,089	
Local Sources		45,504	45,504	45,504	
Total Revenues	71,000	106,593	177,593	177,593	
EXPENDITURES:					
Instruction					
Tuition	54,000	35,494	89,494	89,494	
Total Instruction	54,000	35,494	89,494	89,494	
Support Services					
Purchased Professional - Educational Services	17,000	71,099	88,099	88,099	
Total Support Services	17,000	71,099	88,099	88,099	
Total Expenditures	71,000	106,593	177,593	177,593	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,112,937	\$ 177,593
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	25,045	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(25,589)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,112,393	\$ 177,593
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,382,093	\$ 177,593
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,382,093	\$ 177,593

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

ROSELAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	IDEA Part B, Basic	IDEA Part B, Preschool	Title I	Local Grants	Totals June 30, 2017
REVENUE:					
Federal Sources	\$ 89,494	\$ 4,955	\$ 37,640		\$ 132,089
Local Sources				\$ 45,504	45,504
Total Revenue	89,494	4,955	37,640	45,504	177,593
EXPENDITURES:					
Instruction:					
Tuition	89,494				89,494
Total Instruction	89,494				89,494
Support Services:					
Purchased Professional - Educational Services		4,955	37,640	45,504	88,099
Total Support Services		4,955	37,640	45,504	88,099
Total Expenditures	\$ 89,494	\$ 4,955	\$ 37,640	\$ 45,504	\$ 177,593

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 4,630
Accounts Receivable:	
State	92
Federal	1,003
Interfund Receivable	2,159
Inventories	6,128
Total Current Assets	<u>14,012</u>
Non-Current Assets:	
Capital Assets	115,712
Less: Accumulated Depreciation	<u>(58,956)</u>
Total Non-Current Assets	<u>56,756</u>
Total Assets	<u>70,768</u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	8,100
Unearned Revenue - Donated Commodities	3,941
Unearned Revenue - Prepaid Sales	<u>4,189</u>
Total Liabilities	<u>16,230</u>

NET POSITION:

Investment in Capital Assets	56,756
Unrestricted/(Deficit)	<u>(2,218)</u>
Total Net Position	<u>\$ 54,538</u>

ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Charges for Services:	
Daily Sales- Reimbursable Programs	\$ 141,067
Daily Sales- Non-Reimbursable Programs	6,096
	<hr/>
Total Operating Revenue	147,163
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	78,149
Cost of Sales - Nonreimbursable Programs	13,284
Salaries and Payroll Taxes	57,646
Employee Benefits	3,416
Supplies and Materials	3,227
Management Fee	8,902
Depreciation Expense	6,751
	<hr/>
Total Operating Expenses	171,375
	<hr/>
Operating Loss	(24,212)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	115
State Sources:	
School Lunch Program	1,435
Federal Sources:	
National School Lunch Program	15,886
Food Distribution Program	8,075
	<hr/>
Total Non-Operating Revenue	25,511
	<hr/>
Change in Net Position	1,299
Net Position - Beginning of Year	53,239
	<hr/>
Net Position - End of Year	\$ 54,538
	<hr/> <hr/>

ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,024
Payments to Employees	(57,646)
Payments for Benefits	(3,416)
Payments to Suppliers	<u>(94,963)</u>
Net Cash Used for Operating Activities	<u>(7,001)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>115</u>
Net Cash Provided by Investing Activities	<u>115</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(16,034)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(16,034)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>17,644</u>
Net Cash Provided by Noncapital Financing Activities	<u>17,644</u>
Net Decrease in Cash and Cash Equivalents	(5,276)
Cash and Cash Equivalents, July 1	<u>9,906</u>
Cash and Cash Equivalents, June 30	<u>\$ 4,630</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (24,212)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	8,075
Depreciation Expense	6,751
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	(166)
(Increase)/Decrease in Interfunds Receivable	(2,159)
Increase/(Decrease) in Accounts Payable	2,504
Increase/(Decrease) in Unearned Revenue	345
Increase/(Decrease) in Prepaid Sales	<u>1,861</u>
Net Cash Used for Operating Activities	<u>\$ (7,001)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$8,420 and utilized commodities valued at \$8,075.

FIDUCIARY FUNDS

ROSELAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency</u>		<u>Flexible Spending Trust</u>	<u>Totals</u>
	<u>Payroll</u>	<u>Student Activities</u>		
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 10,688		\$ 10,688
Interfund Receivable	\$ 5		\$ 2,276	2,281
Total Assets	<u>5</u>	<u>10,688</u>	<u>2,276</u>	<u>12,969</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	5			5
Due to Student Groups		10,688		10,688
Total Liabilities	<u>5</u>	<u>10,688</u>		<u>10,693</u>
<u>NET POSITION:</u>				
Held in Trust for Flexible Spending Benefits			2,276	2,276
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,276</u>	<u>\$ 2,276</u>

ROSELAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Flexible Spending Trust
ADDITIONS:	
Contributions:	
Plan Member	\$ 3,000
Total Additions	3,000
DEDUCTIONS:	
Flexible Spending Claims	2,190
Total Deductions	2,190
Change in Net Position	810
Net Position - Beginning of the Year	1,466
Net Position - End of the Year	\$ 2,276

ROSELAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 15,206	\$ 14,344	\$ 18,862	\$ 10,688
Total Assets	<u>\$ 15,206</u>	<u>\$ 14,344</u>	<u>\$ 18,862</u>	<u>\$ 10,688</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 15,206	\$ 14,344	\$ 18,862	\$ 10,688
Total Liabilities	<u>\$ 15,206</u>	<u>\$ 14,344</u>	<u>\$ 18,862</u>	<u>\$ 10,688</u>

ROSELAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
SCHOOLS:				
Lester C. Noecker School	\$ 15,206	\$ 14,344	\$ 18,862	\$ 10,688
	\$ 15,206	\$ 14,344	\$ 18,862	\$ 10,688

ROSELAND BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 6,093	\$ 5,094,324	\$ 5,100,417	
Interfund Receivable		5		\$ 5
Total Assets	<u>\$ 6,093</u>	<u>\$ 5,094,329</u>	<u>\$ 5,100,417</u>	<u>\$ 5</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 4,371	\$ 2,278,772	\$ 2,283,143	
Net Payroll		2,815,557	2,815,552	\$ 5
Interfund Payable - General Fund	1,722		1,722	
Total Liabilities	<u>\$ 6,093</u>	<u>\$ 5,094,329</u>	<u>\$ 5,100,417</u>	<u>\$ 5</u>

LONG-TERM DEBT

ROSELAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Outstanding June 30, 2017 Amount				
Refunding Bond - 2013	5/23/2013	\$ 7,135,000	9/1/2017	\$ 610,000	3.000%	\$ 7,045,000	\$ 585,000	\$ 6,460,000
			9/1/2018	630,000	3.000%			
			9/1/2019	650,000	3.000%			
			9/1/2020	685,000	3.416%			
			9/1/2021	715,000	4.000%			
			9/1/2022	750,000	4.000%			
			9/1/2023	775,000	4.000%			
			9/1/2024	805,000	3.000%			
			9/1/2025	840,000	3.000%			
						\$ 7,045,000	\$ 585,000	\$ 6,460,000

ROSELAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Matured</u>	<u>Balance June 30, 2017</u>
Copier	4.36%	\$15,416	\$ 9,250	\$ 3,083	\$ 6,167
			<u>\$ 9,250</u>	<u>\$ 3,083</u>	<u>\$ 6,167</u>

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 812,825	\$ 812,825	\$ 812,825	
Total Revenue	812,825	812,825	812,825	
EXPENDITURES:				
Regular Debt Service:				
Interest	227,825	227,825	227,825	
Redemption of Principal	585,000	585,000	585,000	
Total Regular Debt Service	812,825	812,825	812,825	
Total Expenditures	812,825	812,825	812,825	
Excess of Revenue and Other Financing Sources Over Expenditures				
Fund Balance, July 1				
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

ROSELAND BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
 UNAUDITED
(accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 3,591,016	\$ 4,198,980	\$ 3,979,285	\$ 3,984,678	\$ 4,112,774	\$ 4,382,029	\$ 4,554,833	\$ 5,237,554	\$ 5,812,192	\$ 5,890,468
Restricted	1,350,332	405,743	302,609	442,378	459,630	517,186	548,043	414,388	614,522	1,254,034
Unrestricted (Deficit)	163,881	111,700	72,666	180,345	240,105	89,588	(1,870,581)	(2,228,609)	(2,637,042)	(2,725,523)
Total Governmental Activities Net Position	\$ 5,105,229	\$ 4,716,423	\$ 4,354,560	\$ 4,607,401	\$ 4,812,509	\$ 4,988,803	\$ 3,232,295	\$ 3,423,333	\$ 3,789,672	\$ 4,418,979
Business-Type Activities										
Investment in Capital Assets	\$ 27,307	\$ 24,685	\$ 21,907	\$ 19,283	\$ 29,255	\$ 26,631	\$ 37,780	\$ 44,208	\$ 47,474	\$ 56,756
Unrestricted/(Deficit)	44,267	58,737	64,655	70,644	58,898	58,349	49,047	11,691	5,765	(2,218)
Total Business-Type Activities Net Position	\$ 71,574	\$ 83,422	\$ 86,562	\$ 89,927	\$ 88,153	\$ 84,980	\$ 86,827	\$ 55,899	\$ 53,239	\$ 54,538
District-Wide										
Net Investment in Capital Assets	\$ 3,618,323	\$ 4,223,665	\$ 4,001,192	\$ 4,003,961	\$ 4,142,029	\$ 4,408,660	\$ 4,592,613	\$ 5,281,762	\$ 5,859,666	\$ 5,947,224
Restricted	1,350,332	405,743	302,609	442,378	459,630	517,186	548,043	414,388	614,522	1,254,034
Unrestricted/(Deficit)	208,148	170,437	137,321	250,989	299,003	147,937	(1,821,534)	(2,216,918)	(2,631,277)	(2,727,741)
Total District-Wide Net Position	\$ 5,176,803	\$ 4,799,845	\$ 4,441,122	\$ 4,697,328	\$ 4,900,662	\$ 5,073,783	\$ 3,319,122	\$ 3,479,232	\$ 3,842,911	\$ 4,473,517

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,296,490	\$ 3,540,902	\$ 3,737,861	\$ 3,459,077	\$ 3,579,163	\$ 3,661,331	\$ 3,673,505	\$ 4,079,714	\$ 4,301,029	\$ 4,614,422
Special Education	716,488	806,762	910,127	801,128	848,333	965,207	1,071,378	1,429,620	1,464,068	1,745,804
Other Special Education	167,512	173,873	228,410	87,134	247,977	259,558	229,675	520,916	603,224	453,584
Other Instruction	18,025	17,735								
Support Services:										
Tuition	432,696	445,137	361,811	280,060	251,954	123,563	22,830	28,665	26,072	16,705
Student & Instruction Related Services	891,640	844,107	920,256	934,974	1,058,066	1,283,639	1,308,414	1,164,585	1,455,821	1,600,935
General and Business Administrative Services	411,780	375,469	355,191	359,023	354,778	350,126	417,286	362,905	393,694	394,559
School Administrative Services	247,359	257,371	251,394	259,775	261,792	275,078	308,405	323,332	294,041	353,013
Central Services	141,470	183,062	210,914	208,339	179,848	175,136	193,894	189,788	258,368	289,650
Administrative Information Technology		9,426	20,679	28,275	45,600	32,776	28,887	30,712		
Plant Operations And Maintenance	711,679	769,094	621,677	654,277	638,591	646,709	649,202	685,040	625,275	698,581
Pupil Transportation	358,780	357,777	341,873	323,439	275,362	265,643	301,793	278,964	289,444	366,873
Capital Outlay				39,685	19,109	26,225	26,225	34,087	64,974	61,817
Special Schools	832	27,521	25,092	36,196	38,435	43,419	51,145	63,042	41,986	38,973
Interest On Long-Term Debt	450,438	434,715	418,278	401,018	382,843	529,379	256,937	252,156	229,948	211,581
Unallocated Depreciation	163,324	265,832	264,997	264,964	264,964	264,964	264,964	264,964	297,924	286,995
Total Governmental Activities Expenses	\$ 8,008,513	\$ 8,508,783	\$ 8,668,560	\$ 8,137,364	\$ 8,446,815	\$ 8,902,753	\$ 8,804,540	\$ 9,708,490	\$ 10,345,868	\$ 11,133,492
Business-Type Activities:										
Food Service	136,512	139,521	146,681	141,928	151,473	153,681	143,342	180,213	154,794	171,375
Total Business-Type Activities Expenses	136,512	139,521	146,681	141,928	151,473	153,681	143,342	180,213	154,794	171,375
Total District Expenses	\$ 8,145,025	\$ 8,648,304	\$ 8,815,241	\$ 8,279,292	\$ 8,598,288	\$ 9,056,434	\$ 8,947,882	\$ 9,888,703	\$ 10,500,662	\$ 11,304,867
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	1,205,769	1,103,077	1,181,460	791,302	955,871	1,175,731	1,104,987	2,034,861	2,459,030	3,146,452
Total Governmental Activities Program Revenues	\$ 1,205,769	\$ 1,103,077	\$ 1,181,460	\$ 791,302	\$ 955,871	\$ 1,175,731	\$ 1,104,987	\$ 2,034,861	\$ 2,459,030	\$ 3,146,452

ROSELAND BOARD OF EDUCATION
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Charges For Services										
Food Service	\$ 126,512	\$ 130,307	\$ 126,507	\$ 123,272	\$ 122,613	\$ 119,990	\$ 120,010	\$ 120,535	\$ 127,281	\$ 147,163
Operating Grants and Contributions	20,773	20,918	23,402	21,869	27,005	30,518	28,943	28,750	24,853	25,511
Total Business Type Activities Program Revenues	147,285	151,225	149,909	145,141	149,618	150,508	148,953	149,285	152,134	172,674
Total District Program Revenues	\$ 1,353,054	\$ 1,254,302	\$ 1,331,369	\$ 936,443	\$ 1,105,489	\$ 1,326,239	\$ 1,253,940	\$ 2,184,146	\$ 2,611,164	\$ 3,319,126
Net (Expenses)/Revenue	\$ (6,802,744)	\$ (7,405,706)	\$ (7,487,100)	\$ (7,346,062)	\$ (7,490,944)	\$ (7,727,022)	\$ (7,699,553)	\$ (7,673,629)	\$ (7,886,838)	\$ (7,987,040)
Governmental Activities	10,773	11,704	3,228	3,213	(1,855)	(3,173)	5,611	(30,928)	(2,660)	1,299
Business-Type Activities	(6,791,971)	(7,394,002)	(7,483,872)	(7,342,849)	(7,492,799)	(7,730,195)	(7,693,942)	(7,704,557)	(7,889,498)	(7,985,741)
Total District-Wide Net Expense	\$ (6,781,198)	\$ (7,382,298)	\$ (7,480,644)	\$ (7,339,636)	\$ (7,494,654)	\$ (7,727,022)	\$ (7,688,332)	\$ (7,680,481)	\$ (7,892,158)	\$ (7,984,442)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,558,452	\$ 6,107,413	\$ 6,598,522	\$ 6,597,416	\$ 6,729,364	\$ 6,863,951	\$ 6,863,951	\$ 7,001,230	\$ 7,296,254	\$ 7,462,179
Taxes Levied for Debt Service	787,056	791,230	789,747	802,127	805,218	810,619	809,581	737,165	812,825	812,825
Federal and State Aid not Restricted	2,511,647	38,486	252,958	71,542	32,625	32,512	30,276	31,017	32,875	57,855
Investment Earnings	7,032	888	11	56	33					
Miscellaneous Income	128,306	78,883	110,548	127,762	128,812	196,234	102,091	95,255	111,223	283,488
Special Item: Adjustment to Fixed Assets per Appraisal Company Report	376,645		(626,549)							
Total Governmental Activities	9,369,138	7,016,900	7,125,237	7,598,903	7,696,052	7,903,316	7,805,899	7,864,667	8,253,177	8,616,347
Business-Type Activities:										
Investment Earnings	883	144	66	152	81					
Special Item: Adjustment to Fixed Assets per Appraisal Company Report			(154)				(3,764)			
Special Item - Capital Asset Adjustment			(88)				(3,764)			
Total Business-Type Activities	883	144	(188)	152	81		(3,764)			
Total District-Wide	\$ 9,370,021	\$ 7,017,044	\$ 7,125,149	\$ 7,599,055	\$ 7,696,133	\$ 7,903,316	\$ 7,802,135	\$ 7,864,667	\$ 8,253,177	\$ 8,616,347
Change in Net Position:										
Governmental Activities	\$ 2,566,394	\$ (388,806)	\$ (361,863)	\$ 252,841	\$ 205,108	\$ 176,294	\$ 106,346	\$ 191,038	\$ 366,339	\$ 629,307
Business-Type Activities	11,656	11,848	3,140	3,365	(1,774)	(3,173)	1,847	(30,928)	(2,660)	1,299
Total District	\$ 2,578,050	\$ (376,958)	\$ (358,723)	\$ 256,206	\$ 203,334	\$ 173,121	\$ 108,193	\$ 160,110	\$ 363,679	\$ 630,606

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,042,401	\$ 291,348	\$ 129,766		\$ 440,622	\$ 498,178	\$ 498,178	\$ 474,876	\$ 614,522	\$ 1,254,034
Unreserved	266,087	383,517	375,066		67,011	98,256	156,929	305,288	53,494	83,492
Restricted				\$ 296,777						
Assigned				126,593						
Unassigned				263,363	230,502	255,126	165,273	245,165	231,127	291,917
Total General Fund	\$ 1,308,488	\$ 674,865	\$ 504,832	\$ 686,733	\$ 738,135	\$ 851,560	\$ 820,380	\$ 1,025,329	\$ 899,143	\$ 1,629,443
All Other Governmental Funds										
Reserved										
Capital Projects Fund	\$ 437,224	\$ 110,363	\$ 2,829							
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	(129,293)	(130,968)	(21,455)							
Debt Service Fund		1	1							
Restricted				\$ 19,008	\$ 19,008	\$ 19,008	\$ 66,075	\$ (12,520)		
Unassigned / (Deficit)										
Total All Other Governmental Funds	\$ 307,931	\$ (20,604)	\$ (18,625)	\$ 19,008	\$ 19,008	\$ 19,008	\$ 66,075	\$ (12,520)	\$ -0-	\$ -0-
Total Governmental Funds:	\$ 1,479,625	\$ 401,711	\$ 132,595	\$ 315,785	\$ 459,630	\$ 517,186	\$ 564,253	\$ 474,876	\$ 614,522	\$ 1,254,034
Reserved	136,794	252,550	353,612	126,593	67,011	98,256	156,929	305,288	53,494	83,492
Restricted				263,363	230,502	255,126	165,273	232,645	231,127	291,917
Assigned				705,741	757,143	870,568	886,455	1,012,809	899,143	1,629,443
Unassigned	\$ 1,616,419	\$ 654,261	\$ 486,207	\$ 705,741	\$ 757,143	\$ 870,568	\$ 886,455	\$ 1,012,809	\$ 899,143	\$ 1,629,443

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 6,345,508	\$ 6,898,643	\$ 7,388,269	\$ 7,399,543	\$ 7,534,582	\$ 7,674,570	\$ 7,673,532	\$ 7,738,395	\$ 8,109,079	\$ 8,275,004
Tuition Charges	7,032	888	11	56	33	78,950	70,300	55,320	81,805	80,220
Interest Earnings-Capital Reserve	128,306	78,883	110,548	136,197	154,191	144,656	67,238	63,075	53,632	248,772
Miscellaneous	3,617,040	1,036,000	1,222,741	754,713	832,697	1,076,345	994,802	1,102,855	1,169,166	1,366,726
State Sources	100,376	105,563	211,677	99,696	130,420	104,526	100,331	104,249	136,505	132,089
Federal Sources										
Total Revenue	10,198,262	8,119,977	8,933,246	8,390,205	8,651,923	9,079,047	8,906,203	9,063,894	9,550,187	10,102,811
Expenditures										
Instruction										
Regular Instruction	2,293,391	2,491,817	2,613,704	2,402,786	2,458,461	2,537,793	2,585,411	2,382,672	2,324,381	2,280,711
Special Education Instruction	499,866	593,620	645,985	702,138	705,263	688,735	762,373	886,645	836,406	931,777
Other Instruction	131,463	138,403	164,957	28,430	180,534	191,233	169,430	312,664	330,316	223,361
Support Services:										
Tuition	432,696	445,137	361,811	280,060	251,954	123,563	22,830	29,331	26,072	16,705
Student & Instruction Related Services	672,724	628,708	736,472	723,225	809,767	1,023,920	1,066,470	889,400	1,026,179	1,033,108
General Administrative Services	293,375	237,349	232,226	245,580	235,858	231,747	286,337	263,209	261,595	258,812
School Administrative Services	231,471	239,510	176,193	184,447	191,272	195,439	214,414	216,545	176,061	194,256
Central Services	98,988	141,627	149,524	149,208	125,952	125,383	139,837	153,354	185,722	197,748
Administrative Information Technology		9,426	20,679	28,275	45,600	32,776	28,887	30,712		
Plant Operations And Maintenance	631,028	687,532	539,367	558,754	534,120	546,877	578,447	608,719	537,749	571,090
Pupil Transportation	358,781	357,777	341,873	323,439	275,362	265,643	301,794	278,964	289,444	366,873
Unallocated Benefits	1,638,591	1,612,268	1,840,870	1,641,240	1,800,205	1,917,022	1,875,685	1,979,895	2,196,982	2,378,306
Debt Service:										
Principal	375,000	395,000	410,000	435,000	455,000	480,000	561,000	530,000	565,000	585,000
Interest And Other Charges	450,438	434,715	418,278	401,018	382,843	363,761	236,473	269,550	247,825	227,825
Capital Outlay	8,423,404	641,725	424,269	39,685	119,567	210,842	26,225	57,984	618,135	67,966
Special Schools	832	27,521	25,092	27,386	28,763	30,888	39,386	63,042	41,986	38,973
Total Expenditures	16,532,048	9,082,135	9,101,300	8,170,671	8,600,521	8,965,622	8,894,999	8,952,686	9,663,853	9,372,511
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(6,333,786)	(962,158)	(168,054)	219,534	51,402	113,425	11,204	111,208	(113,666)	730,300

ROSELAND BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Refunded Bonds Issued						\$ 7,135,000				
Bonds Defeased						(7,167,000)				
Bond Premium						824,912	\$ 4,683			
Bond Issuance Costs						(103,126)				
Deferred Interest						(689,786)				
Capital Leases (Non Budgeted)								\$ 15,146		
Transfers In						630		19,008	\$ 12,500	
Transfers Out						(630)		(19,008)	(12,500)	
Total Other Financing Sources (Uses)							4,683	15,146		
Net Change In Fund Balances	\$ (6,333,786)	\$ (962,158)	\$ (168,054)	\$ 219,534	\$ 51,402	\$ 113,425	\$ 15,887	\$ 126,354	\$ (113,666)	\$ 730,300
Debt Service As A Percentage Of Noncapital Expenditures	10.18%	9.83%	10.55%	11.46%	9.88%	9.64%	8.99%	8.99%	8.99%	8.74%

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Accounts Payable Cancelled	Other	Total
2008	\$ 124,858			\$ 3,448	\$ 128,306
2009	7,584	\$ 63,275		8,912	79,771
2010	1,082	90,132		19,345	110,559
2011	3,141	80,650		43,971	127,762
2012	1,633	99,401		27,778	128,812
2013		78,950	\$ 76,628	68,028	223,606
2014		70,300		27,108	97,408
2015		55,320		39,935	95,255
2016		81,805		29,398	111,203
2017	5,935	80,220	143,903	53,430	283,488

Source: Roseland Board of Education records

ROSELAND BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land		Residential		Farm Qualified		Commercial		Industrial		Apartment		Total Assessed Value		Tax-Exempt Property		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
2007	1,714,600		128,712,141		3,500		108,117,400		13,509,200		7,616,900		259,673,741		16,203,400		223,805		259,673,741		5.31		\$	1,985,595,895
2008	1,670,300		130,740,741		3,500		87,252,700		12,437,700		7,316,900		239,421,841		16,203,400		228,176		239,650,017		5.85		\$	1,848,524,833
2009	1,545,600		131,487,941		3,500		84,649,300		12,191,000		7,316,900		237,194,241		16,453,900		216,557		237,410,798		6.20		\$	2,015,579,267
2010	21,591,600	*	987,424,646		4,600		666,755,200		85,871,000		53,906,200		1,815,553,246		51,103,780		1,913,146		1,817,466,392		0.84		\$	1,980,725,360
2011	20,823,300		984,274,052		6,400		659,768,900		85,545,200		53,906,200		1,804,324,052		51,172,780		1,741,868		1,806,065,920		0.86		\$	1,806,358,981
2012	14,864,900		983,130,652		6,400		579,971,400		88,204,600		53,906,200		1,717,090,052		53,022,680		1,612,156		1,714,631,808		0.94		\$	1,876,699,561
2013	14,671,400		954,190,452		6,400		575,700,600		91,276,600		53,906,200		1,686,679,652		52,917,680		1,807,900		1,688,487,552		0.99		\$	1,796,263,353
2014	14,517,100		951,345,752		6,400		563,386,400		91,276,600		53,906,200		1,674,438,452		56,702,880		1,466,700		1,675,905,152		1.01		\$	1,791,196,093
2015	7,853,100		952,307,000		6,400		572,151,900		91,276,600		61,850,000		1,685,445,000		56,702,880		1,466,700		1,686,911,700		1.04		\$	1,835,333,588
2016	7,729,700		953,023,000		6,400		570,801,300		89,465,800		76,017,700		1,699,043,900		57,807,880		1,559,200		1,700,603,100		1.04		\$	1,818,332,621

* Revaluation Year

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

ROSELAND BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Roseland Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Roseland	Essex County	
2007	\$ 4.65	\$ 0.66	\$ 5.31	\$ 3.12	\$ 3.00	\$ 11.43
2008	5.18	0.67	5.85	3.21	3.02	12.08
2009	5.54	0.66	6.20	3.40	3.22	12.82
2010	* 0.75	0.09	0.84	0.56	0.44	1.83
2011	0.77	0.09	0.86	0.58	0.43	1.87
2012	0.84	0.10	0.94	0.59	0.51	2.04
2013	0.89	0.10	0.99	0.60	0.45	2.04
2014	0.91	0.10	1.01	0.61	0.54	2.16
2015	0.94	0.10	1.04	0.62	0.56	2.22
2016	0.94	0.10	1.04	0.63	0.56	2.23

* Revaluation Year

Source: Municipal Tax Collector and School Business Administrator

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

ROSELAND BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2016		2007	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
	%		%
	of Total District Net Assessed Value		of Total District Net Assessed Value
Prudential Financial - 80 Livingston	\$ 67,100,400	Prudential	\$ 27,000,700
ADP Incorporated	61,626,400	CalI (Office Associates)	17,850,100
56 Livingston Owner	57,127,200	ADP Inc.	16,652,000
Prudential Financial - 55 Livingston	48,850,000	Gale and Wentworth	15,944,700
Roseland Owner LLC - 8 Eisenhower	47,000,000	Organon	15,310,300
Becker Equities, LLC - 4 Becker Farm Road	37,406,100	Segal Development	7,616,900
Eisenhower 101 FO, LLC - 101 Eisenhower	30,000,000	Eagle Rock Associates	2,400,000
Avalon Roseland LLC	29,017,700	American Bobst Holdings	2,127,400
Eisenhower 101 FO, LLC - 105 Eisenhower	28,952,000	556 Eagle Rock Associates	1,235,100
Eisenhower 101 FO, LLC - 103 Eisenhower	20,000,000	440 Eagle Rock Associates	1,235,100
Total	\$ 427,079,800		\$ 107,372,300
	25.34%		39.71%

Note: 2010 was a revaluation year.

Source: Municipal Tax Assessor

ROSELAND BOARD OF EDUCATION
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 6,345,508	\$ 6,345,508	100.00%	-0-
2009	6,898,643	6,898,643	100.00%	-0-
2010	7,388,269	7,388,269	100.00%	-0-
2011	7,399,543	7,399,543	100.00%	-0-
2012	7,534,582	7,534,582	100.00%	-0-
2013	7,674,570	7,674,570	100.00%	-0-
2014	7,673,532	7,673,532	100.00%	-0-
2015	7,738,395	7,738,395	100.00%	-0-
2016	8,109,079	8,109,079	100.00%	-0-
2017	8,275,004	8,275,004	100.00%	-0-

Source: Roseland Board of Education records including the Certificate and Report of School Taxes (A4F form)

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

ROSELAND BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2008	\$ 10,908,000		\$ 10,908,000	3.86%	\$ 2,051
2009	10,513,000		10,513,000	3.83%	1,965
2010	10,103,000		10,103,000	3.30%	1,736
2011	9,668,000		9,668,000	3.00%	1,650
2012	9,213,000		9,213,000	2.84%	1,573
2013	8,701,000		8,701,000	2.68%	1,492
2014	8,140,000		8,140,000	2.38%	1,391
2015	7,610,000	\$ 12,333	7,622,333	2.16%	1,297
2016	7,045,000	9,250	7,054,250	2.00%	1,199
2017	6,460,000	6,167	6,466,167	1.83%	1,099

Source: School District Financial Reports

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

- a See Exhibit J-14 for personal income and population data.
These ratios are calculated using personal income and population
for the prior calendar year.

ROSELAND BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2008	\$ 10,908,000	\$ 10,908,000	4.20%	\$ 2,051
2009	10,513,000	10,513,000	4.39%	1,965
2010	10,103,000	10,103,000	4.26%	1,736
2011	9,668,000	9,668,000	0.53% *	1,650
2012	9,213,000	9,213,000	0.51%	1,573
2013	8,701,000	8,701,000	0.51%	1,492
2014	8,140,000	8,140,000	0.48%	1,391
2015	7,610,000	7,610,000	0.45%	1,295
2016	7,045,000	7,045,000	0.42%	1,197
2017	6,460,000	6,460,000	0.38%	1,098

* - Revaluation year

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

ROSELAND BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Roseland	\$ 14,146,399	100.00%	\$ 14,146,399
Essex County General Obligation Debt (Borough Share)	489,730,689	2.17%	<u>10,627,511</u>
Subtotal, Overlapping Debt			24,773,910
Roseland School District Direct Debt			<u>6,460,000</u>
Total Direct And Overlapping Debt			<u>\$ 31,233,910</u>

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

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

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

ROSELAND BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2016	\$ 1,827,321,897
	2015	1,794,362,823
	2014	1,813,929,641
		<u>\$ 5,435,614,361</u>
Average Equalized Valuation of Taxable Property		\$ 1,811,871,454
Debt Limit (2.5% of average equalization value)		45,296,786 ^a
Net Bonded School Debt		<u>6,460,000</u>
Legal Debt Margin		<u>\$ 38,836,786</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 47,738,382	\$ 49,632,012	\$ 49,754,739	\$ 48,198,654	\$ 47,715,902
Total Net Debt Applicable to Limit	<u>10,908,000</u>	<u>10,513,000</u>	<u>10,103,000</u>	<u>9,668,000</u>	<u>9,213,000</u>
Legal Debt Margin	<u>\$ 36,830,382</u>	<u>\$ 39,119,012</u>	<u>\$ 39,651,739</u>	<u>\$ 38,530,654</u>	<u>\$ 38,502,902</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	22.85%	21.18%	20.31%	20.06%	19.31%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 46,496,991	\$ 46,398,481	\$ 45,131,871	\$ 45,021,938	\$ 45,296,786
Total Net Debt Applicable to Limit	<u>8,701,000</u>	<u>8,140,000</u>	<u>7,610,000</u>	<u>7,045,000</u>	<u>6,460,000</u>
Legal Debt Margin	<u>\$ 37,795,991</u>	<u>\$ 38,258,481</u>	<u>\$ 37,521,871</u>	<u>\$ 37,976,938</u>	<u>\$ 38,836,786</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	18.71%	17.54%	16.86%	15.65%	14.26%

^a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

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

ROSELAND BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	5,319	\$ 282,630,384	\$ 53,136	3.80%
2009	5,350	274,390,800	51,288	7.60%
2010	5,820	305,689,680	52,524	7.60%
2011	5,860	322,382,040	55,014	7.70%
2012	5,857	324,501,228	55,404	7.30%
2013	5,833	324,851,436	55,692	7.50%
2014	5,854	341,399,426	58,319	4.60%
2015	5,876	352,736,280	60,030	4.10%
2016	5,885	353,276,550	60,030 *	4.00%
2017	5,885 **	353,276,550 ***	60,030 *	N/A

* - Latest Essex County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

*** - Latest population data available (2016) and latest Essex County per capita personal income (2015)

N/A - Not Available

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

ROSELAND BOARD OF EDUCATION
PRINCIPAL EMPLOYERS, ESSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2016		2007		
	Employer	Employees	Employer	Employees	
				Percentage of Total Employment	
St. Barnabas Health Care System		24,000	Verizon Communications	17,996	N/A
Verizon		16,500	Continental Airlines	13,752	N/A
PSE&G		13,100	PSE&G	10,500	N/A
New Jersey Transit		10,978	Prudential Financial	8,143	N/A
Prudential Ins. Co. of America		9,180	Horizon Blue Cross Blue Shield	5,000	N/A
Newark Board of Education		4,845	JP Morgan Chase	4,764	N/A
Rutgers University - Newark Campus		4,400	Automatic Data Processing	4,739	N/A
City of Newark		4,200	Roche	3,266	N/A
Horizon Blue Cross Blue Shield		3,000	KPMG	2,197	N/A
Automatic Data Processing		1,650	Ricoh American Corp	1,375	N/A
		91,853		71,732	N/A

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

ROSELAND BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
 UNAUDITED

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	32.0	34.0	34.0	36.7	33.0	32.7	33.0	33.0	34.0	33.0
Special Education	17.0	20.5	25.1	16.0	22.5	22.5	22.5	22.5	24.1	22.0
Other Special Education	3.0	3.0	4.0	2.0	2.7	2.7	2.7	2.7	2.6	2.0
Support Services:										
Student & Instruction Related Services	4.0	4.6	5.1	5.2	6.7	6.7	6.7	6.7	7.0	5.0
General Administrative Services	3.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
School Administrative Services	3.0	3.0	2.5	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Business Administrative Services	1.0	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total	67.0	73.7	78.3	69.7	74.7	74.4	74.7	74.7	77.7	72.0

Source: District Personnel Records

ROSELAND BOARD OF EDUCATION
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2008	485	\$ 7,283,206	\$ 15,017	6.61%	39	1:12.4	486	470	2.17%	96.71%
2009	509	7,610,695	14,952	-0.43%	44	1:11.6	509	491	4.73%	96.46%
2010	504	7,848,753	15,573	4.15%	44	1:11.5	504	484	-1.42%	96.03%
2011	507	7,294,968	14,388	-7.61%	37	1:13.7	507	488	0.60%	96.25%
2012	494	7,643,111	15,472	7.53%	33	1:15.0	494	477	-2.56%	96.56%
2013	489	7,911,019	16,178	4.56%	33	1:15.0	489	470	-1.01%	96.11%
2014	461	8,071,301	17,508	8.22%	41	1:11.2	459	449	-6.13%	97.82%
2015	439	8,095,152	18,440	5.32%	43	1:10.2	436	419	-5.01%	96.10%
2016	432	8,232,893	19,058	3.35%	38	1:11.4	431	416	-1.15%	96.52%
2017	460	8,491,720	18,460	-3.13%	39	1:11.7	460	449	6.73%	97.61%

Source: Roseland Board of Education records

Note: Enrollment based on annual October district count.

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

b Teaching staff includes only full-time equivalents of certificated staff.

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

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

ROSELAND BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
Board of Education (1967)										
Square Feet	615	615	615	615	615	615	615	615	615	615
Lester C. Noecker School (1967, 2008)										
Square Feet	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043
Capacity (students)	582	582	582	582	582	582	582	582	582	582
Enrollment	485	509	504	507	494	489	461	439	432	460

Number of Schools at June 30, 2017
Elementary = 1

Source: Roseland Board of Education Facilities Office

Note: Year of original construction and addition is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

ROSELAND BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

School Facilities *	Projects #	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Lester C. Noecker School	N/A	\$ 119,008	\$ 119,506	\$ 48,870	\$ 78,695	\$ 67,155	\$ 48,627	\$ 55,235	\$ 37,254	\$ 47,739	\$ 84,328
		\$ 119,008	\$ 119,506	\$ 48,870	\$ 78,695	\$ 67,155	\$ 48,627	\$ 55,235	\$ 37,254	\$ 47,739	\$ 84,328

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

Source: Roseland Board of Education records

ROSELAND BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,752,100	\$ 1,000
	Earthquake	50,000,000	1,000
	Flood Zone A & V	20,000,000	500,000
	All Other Flood Zones	75,000,000	10,000
	General Liability		
	-Each Occurrence	31,000,000	
	Sexual Abuse	17,000,000	
	-Medical Expense Limit	5,000	
	-Employee Benefit Liability	31,000,000	1,000
	Automotive Liability	31,000,000	
	Comprehensive & Collision as scheduled		1,000
	Electronic Data Processing	350,000	1,000
	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	250,000	1,000
	-Theft, Disappearance & Destruction	25,000	500
	-Loss of money and securities on and off premise	25,000	500
	Forgery	250,000	1,000
	Computer Fraud	25,000	500
	Equipment Breakdown/Property Damage	100,000,000	
NJSIG	Board of Education		
	-Professional Liability Coverage Cov A	31,000,000	5,000
	-Professional Liability Coverage Cov B	100,000/300,000	5,000
	Fidelity Bonds		
	-Treasurer of School Monies	190,000	1,000
	-School Business Administrator/ Board Secretary	190,000	1,000
Berkley/USF Insurance Company	Student Accident Accidental/Catastrophic	5,000,000	

Source: Roseland Board of Education records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Roseland Board of Education
County of Essex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members of
the Board of Education
Roseland Board of Education
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

September 29, 2017
Mount Arlington, New Jersey

NISIVOCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Roseland Board of Education
County of Essex, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Roseland Borough School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

The Honorable President and Members of
the Board of Education
Roseland Board of Education
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 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 Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

September 29, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

ROSELAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Balance 6/30/17		Due to Grantor 6/30/17	Amounts Paid to Subrecipients
					Unearned Revenue (Accounts Receivable) 6/30/16	Carryover/(Walkover) Amount			Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 8,420	\$ 8,420	\$ (4,479)	\$ (4,479)	\$ 3,941	\$ 3,941			
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	8,051	\$ 3,596	(3,596)	(3,596)					
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	15,886	14,883	(15,886)	(15,886)	\$ (1,003)				
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	17,154	(1,317)							
Total U.S. Department of Agriculture/Child Nutrition Cluster					2,279	24,620	(23,961)	(23,961)	(1,003)	3,941		
U.S. Department of Education												
Passed-through State Department of Education:												
No Child Left Behind Consolidated Grant:												
Title I Part A												
Special Education Cluster:	84.010	NCLB-4530-17	7/1/16-6/30/17	37,640	37,640	(37,640)	(37,640)					
I.D.E.A. Part B, Preschool	84.173	FT-4530-17	7/1/16-6/30/17	4,955	4,955	(4,955)	(4,955)					
I.D.E.A. Part B, Basic	84.027	FT-4530-17	7/1/16-6/30/17	89,494	89,494	(89,494)	(89,494)					
Total Special Education Cluster						94,449	(94,449)					
Total Special Revenue/U.S. Department of Education						132,089	(132,089)					
Total Federal Financial Awards					\$ 2,279	\$ 156,709	\$ (156,050)	\$ (156,050)	\$ (1,003)	\$ 3,941	\$ -0-	\$ -0-

N/A - Not Available/Applicable

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

ROSELAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/16	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Balance 6/30/17			MEMO	
									Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
NJ Department of Education:													
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	\$ 237,363			\$ 215,827	\$ (237,363)				\$	(21,536)	\$ 237,363
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	23,894			21,726	(23,894)					(2,168)	23,894
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	8,056			7,325	(8,056)					(731)	8,056
Extraordinary Aid	17-495-034-5120-044	7/1/16 - 6/30/17	98,174				(98,174)	\$ (98,174)				(98,174)	98,174
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	1			1	(1)					(1)	1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	4,330			3,937	(4,330)					(393)	4,330
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	4,330			3,937	(4,330)					(393)	4,330
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	4,060			3,692	(4,060)					(368)	4,060
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	334,788			334,788	(334,788)						334,788
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	387,748			387,748	(387,748)						387,748
On-Behalf TPAF Non-Contributory Contributions	17-495-034-5094-004	7/1/16 - 6/30/17	14,049			14,049	(14,049)						14,049
On-Behalf TPAF Long-Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16 - 6/30/17	1,253			1,253	(1,253)						1,253
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	249,224			249,224	(249,224)						249,224
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	239,967	\$ (21,720)		21,720							239,967
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	20,916	(1,893)		1,893							20,916
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	7,158	(648)		648							7,158
Extraordinary Aid	16-495-034-5120-044	7/1/15 - 6/30/16	36,172	(36,172)		36,172							36,172
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	4,330	(392)		392							4,330
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	4,330	(392)		392							4,330
Total General Fund State Aid				(61,217)		1,304,724	(1,367,270)	(98,174)				(123,765)	1,680,144
Food Service Fund:													
State School Lunch Program	17-100-010-3350-023	7/1/16 - 6/30/17	1,435			1,343	(1,435)					(92)	1,435
State School Lunch Program	16-100-010-3350-023	7/1/15 - 6/30/16	1,266	(100)		100							1,266
Total State Awards				(61,317)	\$ -0-	\$ 1,306,167	\$ (1,368,705)	\$ (98,266)			\$ -0-	\$ (123,855)	\$ 1,682,845
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(334,788)				\$ 334,788						
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(387,748)				387,748						
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(14,049)				14,049						
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(1,253)				1,253						
Subtotal - On-Behalf TPAF Pension System Contributions							737,838						
Total State Awards Subject to Single Audit Major Program Determination							\$ (630,867)						

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

ROSELAND BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Roseland Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of the 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’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$544) for the general fund and (\$0) for the special revenue fund. See exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

ROSELAND BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,366,726	\$ 1,366,726
Special Revenue Fund	\$ 132,089		132,089
Proprietary Fund	<u>23,961</u>	<u>1,435</u>	<u>25,396</u>
Total Financial Awards	<u>\$ 156,050</u>	<u>\$ 1,368,161</u>	<u>\$ 1,524,211</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2017. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

ROSELAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance.*
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on each of its major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

<u>State Program:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	\$ 237,363	\$ 237,363
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	8,056	8,056
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	1	1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	4,330	4,330
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	4,330	4,330
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	4,060	4,060
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	249,224	249,224

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

ROSELAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

ROSELAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings/Recommendations:

There were no prior year findings.