

**SCHOOL DISTRICT OF THE  
BOROUGH OF ROCKAWAY  
COUNTY OF MORRIS, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**BOARD OF EDUCATION  
BOROUGH OF ROCKAWAY  
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**

PREPARED BY  
**ROCKAWAY BOARD OF EDUCATION  
FINANCE OFFICE**

**BOROUGH OF ROCKAWAY  
BOARD OF EDUCATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## **INTRODUCTORY SECTION**

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ROCKAWAY, NEW JERSEY 07866

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FAX: 973-625-7355

Honorable President and  
Members of the Board of Education  
Rockaway Borough Public Schools  
103 East Main Street  
Rockaway, New Jersey 07866

Dear Board Members:

The comprehensive annual financial report of the Rockaway Borough Public School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 financial position and results of operation of the various funds and account groups 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 general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, "Audit of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Rockaway Borough Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB-14. All funds and account groups of the district are included in this report. The Rockaway Borough Board of Education and all its schools constitute the District's reporting entity.



The district provides a full range of educational services appropriate to grade levels Pre- K through 8. These include regular, and special education for handicapped young men and women. The district completed the 2017-2018 fiscal year with an enrollment of 574 students. The following details the changes in student enrollment over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	574	(2.2%)
2016-2017	587	+3.8%
2015-2016	565	(2.5%)
2014-2015	579	(6.7%)
2013-2014	623	(6.6%)
2012-2013	667	(.01%)
2011-2012	676	+.01%
2010-2011	674	(.01%)
2009-2010	675	+.01%
2008-2009	668	(.01%)
2007-2008	671	+.047%

**2) ECONOMIC CONDITIONS AND OUTLOOK:** The Rockaway area is not experiencing any significant development or expansion, however there are several development projects being discussed at the town planning board level that could impact the district. These developments have been put on hold due to the weak economy. The district enrollment showed a decline in the 2014-2015 and 2013-2014 school years after remaining relatively stable the previous six years.

**3) MAJOR INITIATIVES:**

**Academic Programs**

The district is always looking to expand its multi-tiered system of supports (MTSS) for all students including enrichment opportunities for those that exceed expectations, as well as a comprehensive intervention and special education program which provides intensive supports for students who struggle to meet grade-level standards.

Enrichment opportunities include accelerated offerings in Language Arts and Mathematics at the middle school which are now offered on a differentiated basis, advanced classed for 8<sup>th</sup> graders at Morris Hills High School, a K-8 Gifted and Talented program, and an after-school Odyssey of the Mind Club.

All students that struggle to meet grade-level standards are eligible for Tier 2 Interventions, via the schools' W.I.N. (What I Need) programs. Through the I&RS process, students may also become eligible for Tier 3 interventions as well. ELLs (English Language Learners) have access to a robust ESL program during the school day as well as a supplementary program for Immigrant students funded through ESSA grant monies that focuses not only on language acquisition, but also school acclimation. First graders that do not demonstrate proficiency in

reading after Kindergarten are also eligible for our Reading Recovery Program. In addition, the district has re-instituted supplementary academic support in the form of hands-on enrichment and homework help both before and after regular school hours by utilizing Title I funds.

Our Special Education offerings include In-class support, Resource Room, LLD, MD and Pre-K programs. We have an Occupational Therapist and Speech Therapist on staff full-time and contract for a Physical Therapist as well as a Behaviorist for those students deemed eligible or in need of services. Wherever possible, all special education students are given exposure to the main stream environment through individualized programming and scheduling.

From a curriculum, instruction and assessment perspective, our district has continually updated and improved curricula to follow an articulated annual program for all subjects where the NJ SLS and CCSS are addressed via four curricular units per year to follow the marking period. In addition to regular formative and summative assessment in the classroom, all students are benchmarked multiple times in the year via guided reading levels and standard-based report cards at the elementary level. Students in grades 1-8 also participate in three universal screenings a year using the STAR Assessments from Renaissance Learning for Reading and Math as well as hone reading skills through participation in the Accelerated Reading (AR) program. Student performance data is monitored by all staff and instructional administrators and organized into an ongoing "individual data picture" which includes results from classroom grading, local standardized assessments, state assessments and other sources as applicable.

Underlying all academic areas, is the movement towards preparing students to be "future ready" through the integration of technology and the implementation of a 1:1 initiative that is now available through leasing opportunities to all students K-8. In support of this endeavor, one of our district goals this year is to take the Future Ready pledge and assess ourselves in terms of student readiness, staff preparedness and overall district resources and capabilities.

### **Facilities and Security**

While our population has not grown substantially, our increase in programming as well as the age of our buildings has put a substantial strain on our facilities. As a result, the district went out to referendum to address and update major infrastructure items throughout the campus as well as consider additions to each building. While the referendum did not pass, we are currently working with the community to revise our course of action as our current facilities are still in need of improvement. In the meantime, we are looking to use our funds from our working budget and capital reserves to address the more modest projects. Another solution has been to re-purpose classroom space to best meet curricular needs such as transforming former computer labs into use for small group instruction in one school and a Makerspace in another.

Our Emergency Management Team meets 3-4 times a year and investigates opportunities to improve safety and security of our schools. Our district currently has an adequate security camera system as well as door magnets in all classrooms that ensure teachers can quickly lock their door in the event of an emergency. We have AEDs available in the buildings in compliance with code and each school has an AED Team that is trained to follow our district protocol in the event of a targeted incident. We conduct all mandated security drills annually, including AED drills. We also update our Emergency Management Manual annually. Further, our EM team has worked with our local law enforcement to train both staff and students in regards to ALICE (Alert Lockdown Inform Communicate Evacuate) training as well as set up live streaming of our in-house video surveillance to squad cars to enhance response to potential emergencies. This

year in response to recent security issues both national and local, we have hired a Class III officer in conjunction with the Rockaway Borough Police, installed a computer based identification system in each school building and extended the scope of our monitoring of student computer use. Other future security initiatives like vestibules and upgraded doors and locks are being addressed through grants and future bonding projects.

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voter of the municipality. 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 canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts are to be reappropriated are reported as reservations of fund balance at June 30, 2018.

**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 and account groups. These funds and account groups are explained in "Notes to the 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 Financial Statements", Note 2. 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 loss of funds on deposit with failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

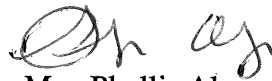
**9) OTHER INFORMATION:** Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of VM Associates, Inc., was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the Federal Uniform Guidance and State Treasurer Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGEMENT:** We would like to express our appreciation to the members of the Rockaway Borough 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,

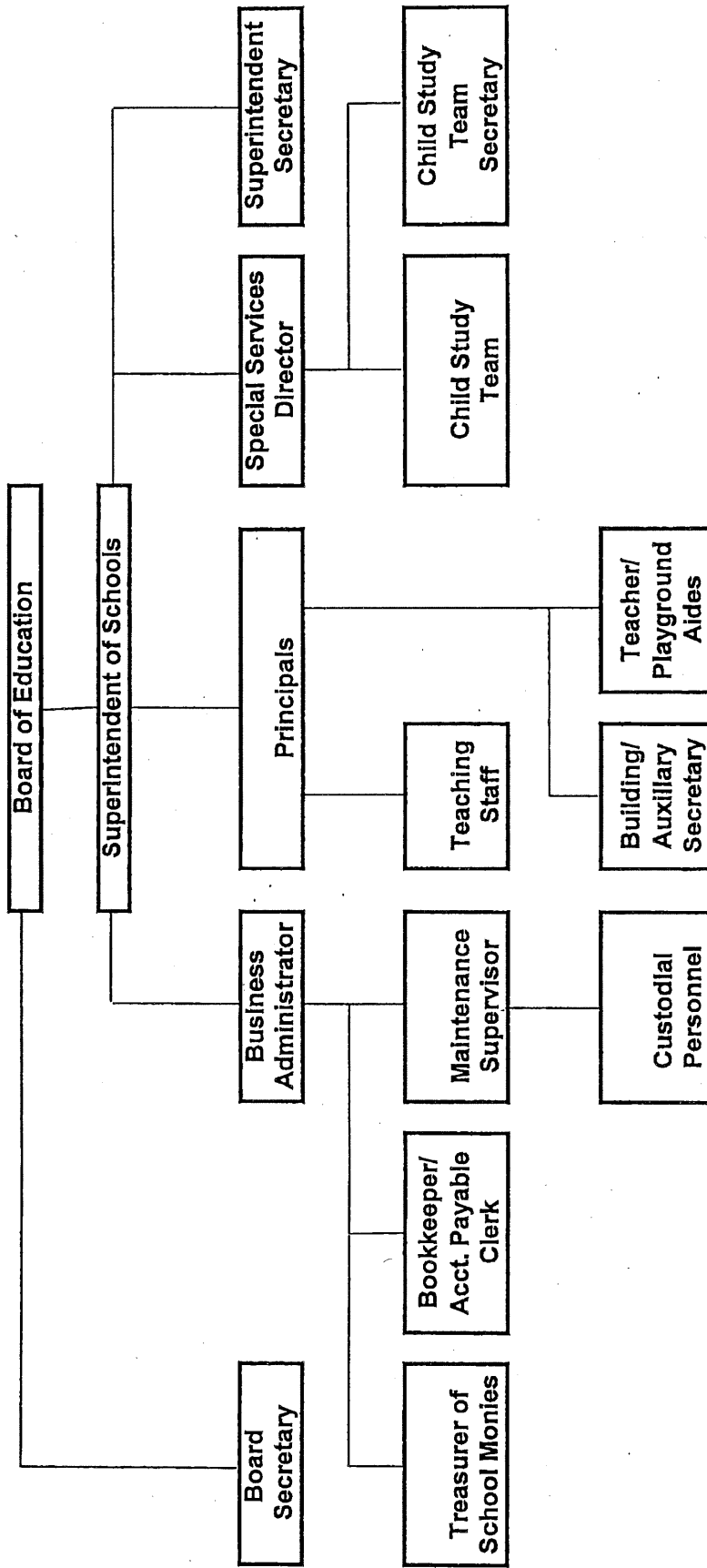


Mr. William Stepka, RSBA  
School Business Administrator/  
Secretary of the Board



Mrs. Phyllis Alpaugh  
Superintendent of Schools

**BOROUGH OF ROCKAWAY PUBLIC SCHOOLS**  
ORGANIZATION CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2018**

**Members of the Board of Education**

**Term Expires**

Christa Smith, President

December 2019

Sarah Concannon, Vice President

December 2018

Colleen Grow, Member

December 2018

Linda McGovern, Member

December 2020

Jeffrey Tobias, Member

December 2020

**Superintendent of Schools**

Phyllis Alpaugh

**Business Administrator/Board Secretary**

William Stepka

**ROCKAWAY BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
100B Main Street  
Newton, New Jersey 07860

**Board Attorney**

Sciarrillo, Cornell, Merlino, McKeever & Osbourne, LLC  
238 St. Paul Street  
Westfield, New Jersey 07090

**Insurance Agent**

Henry O. Baker  
75 Warren Street  
Dover, New Jersey 07801

**Official Depository**

Santander Bank  
110 East Main Street  
Rockaway, New Jersey 07866

## **FINANCIAL SECTION**



# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Rockaway Borough School District  
County of Morris, New Jersey 07866

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 Borough of Rockaway School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2018, 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 misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

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

Honorable President and  
Members of the Board of Education  
Page 2.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rockaway Board of Education, in the County of Morris, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in Note 1 to the basic financial statements in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions and Schedules Related to Accounting and Reporting for Other Post-Employment Benefits identified in the table of contents, 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

the 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 Borough of Rockaway Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

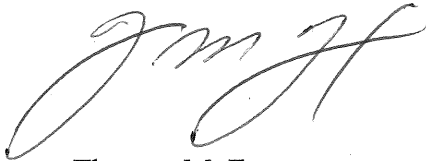
The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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.

Honorable President and  
Members of the Board of Education  
Page 4.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019 on our consideration of the Borough of Rockaway Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rockaway Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

February 4, 2019

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

*ROCKAWAY BOROUGH SCHOOL DISTRICT*  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2018*  
*(UNAUDITED)*

The discussion and analysis of the Rockaway Borough School District's ("District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Using this Comprehensive Annual Financial Report ("CAFR")**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Reporting the District as a Whole**

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the District, the General Fund is by far the most significant fund.

## **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2017/18?” The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District’s property tax base, current laws in New Jersey restricting revenue growth, condition of facilities, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District’s operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – this service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise funds are reported as a business activity.

## **Reporting the District’s Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District’s major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District’s most significant funds. These funds include the General Fund, Special Revenue Fund and Capital Projects Fund.

### **Governmental Funds**

The District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## **Financial Highlights**

Key financial highlights for 2017/18 are as follows:

- ◆ General revenues on the Schedule of Activities (Exhibit A-2) accounted for \$11,820,272 in revenue or 93.18% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$864,645 or 6.82% of total revenues of \$12,684,917.
- ◆ The District had \$12,445,182 in expenses related to Governmental Activities and Business-Type Activities; only \$864,645 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$8,106,108 and \$3,649,203, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$10,174,655 in revenues and other financing sources and \$9,844,205 in expenditures and transfers. As a result, the General Fund's balance increased \$330,449 over 2018.



## The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2018, as compared to the prior year.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets:</b>						
Current and Other Assets	\$1,842,552	\$1,578,225	\$71,437	\$52,718	\$1,913,989	\$1,630,943
Capital Assets, Net	<u>1,216,989</u>	<u>1,218,157</u>	<u>10,258</u>	<u>10,856</u>	<u>1,227,248</u>	<u>1,229,013</u>
Total Assets	<u>3,059,541</u>	<u>2,796,382</u>	<u>81,695</u>	<u>63,574</u>	<u>3,141,237</u>	<u>2,859,956</u>
<b>Deferred Outflows</b>						
Deferred Outflows of Resources Related to PERS	<u>937,240</u>	<u>1,096,330</u>	—	—	<u>937,240</u>	<u>1,096,330</u>
<b>Liabilities:</b>						
Current Liabilities	190,316	251,619	7,718	3,355	198,034	254,974
Noncurrent Liabilities	<u>2,978,587</u>	<u>3,582,046</u>	—	—	<u>2,978,587</u>	<u>3,582,046</u>
Total Liabilities	<u>3,168,903</u>	<u>3,833,665</u>	<u>7,718</u>	<u>3,355</u>	<u>3,176,621</u>	<u>3,837,020</u>
<b>Deferred Inflows</b>						
Deferred Inflows of Resources Related to PERS	<u>650,238</u>	<u>107,384</u>	—	—	<u>650,238</u>	<u>107,384</u>
<b>Net Position</b>						
Invested in Capital Assets	1,216,989	1,218,157	10,258	10,856	1,227,248	1,229,013
Restricted	1,578,866	1,224,510	—	—	1,578,866	1,224,510
Unrestricted	<u>(2,618,215)</u>	<u>(2,491,005)</u>	<u>63,719</u>	<u>49,363</u>	<u>(2,554,496)</u>	<u>(2,441,642)</u>
Total Net Position	<u>\$177,640</u>	<u>\$(48,338)</u>	<u>\$73,977</u>	<u>\$60,219</u>	<u>\$251,618</u>	<u>\$11,881</u>

The following shows the changes in net position in the fiscal years ended June 30, 2018 and 2017, respectively.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ -	\$201,658	\$129,890	\$128,827	\$129,890	\$330,485
Operating Grants and Contributions	655,166	3,053,947	79,588	85,734	734,754	3,139,680
<b>General Revenues:</b>						
Taxes:						
Property Taxes	8,106,108	7,900,691			8,106,108	7,900,691
Grants	3,649,203	455,979			3,649,203	455,979
Other	<u>64,962</u>	<u>53,186</u>		<u>(3,242)</u>	<u>64,962</u>	<u>49,944</u>
Total Revenues	<u>12,475,439</u>	<u>11,665,461</u>	<u>209,478</u>	<u>211,119</u>	<u>12,684,917</u>	<u>11,876,779</u>
<b>Functions/Programs:</b>						
<b>Support Services:</b>						
Instruction	6,668,893	6,440,627			6,668,893	6,440,627
Student & Instruction Related Services	2,737,375	2,533,008			2,737,375	2,533,008
Administration, Business and Other Support Services	1,465,429	1,406,579			1,465,429	1,406,579
Operations and Maintenance of Facilities	1,071,027	956,155			1,071,027	956,155
Pupil Transportation	232,822	318,560			232,822	318,560
Interest on Debt	18,480	14,850			18,480	14,850
Charter Schools	55,436	3,480			55,436	3,480
Food Service			<u>195,720</u>	<u>194,816</u>	<u>195,720</u>	<u>194,816</u>
Total Expenditures	<u>12,249,462</u>	<u>11,673,259</u>	<u>195,720</u>	<u>194,816</u>	<u>12,445,182</u>	<u>11,868,075</u>
Increase or (Decrease) In Net Position	<u>\$225,977</u>	<u>\$(7,798)</u>	<u>\$13,758</u>	<u>\$16,503</u>	<u>\$239,735</u>	<u>\$8,705</u>

### Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to periodically seek voter approval for District operations. Property taxes made up 64.98% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2018. Federal, state and local grants accounted for another 29.25%, while the balance came from interest and other sources. The District's total revenues were \$12,475,439 for the fiscal year ended June 30, 2018.

Exhibit A-2, "Statement of Activities", shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District's taxpayers for each of these functions.

	<b>Total cost of services, Year ended June 30,</b>		<b>Net cost of services, Year ended June 30,</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Instruction	\$6,668,893	\$6,440,627	\$(6,331,276)	\$(4,022,956)
Support services:				
Student and instruction related services	2,737,375	2,533,008	(2,491,410)	(2,031,532)
Administration, business and other support services	1,465,429	1,406,579	(1,438,355)	(1,213,767)
Operation and maintenance of facilities	1,071,027	956,155	(1,041,516)	(849,042)
Pupil transportation	232,822	318,560	(232,822)	(282,027)
Interest on Debt	18,480	3,480	(3,480)	(3,480)
Charter School	55,436	14,850	(55,436)	(14,850)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$12,249,462</u>	<u>\$11,673,259</u>	<u>\$(11,594,295)</u>	<u>\$(8,417,654)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in effective working condition.

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

**Business-Type Activities**

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2018, food service revenues exceeded expenses by \$13,758. In the fiscal year ended June 30, 2017, revenues exceeded expenditures by \$19,745.

### Business-Type Activities (Continued)

- ◆ Charges for services represented \$12,890 of revenue in the year ended June 30, 2018, compared to \$128,827 in the prior fiscal year. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$65,589 and \$67,686 in the fiscal years ended June 30, 2018 and 2017, respectively.

### The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$10,576,256, expenditures of \$10,245,806 and \$-0- of other financing sources for the fiscal year ended June 30, 2018.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of governmental funds for the fiscal years ended June 30, 2018 and 2017, respectively:

	Year ended June 30, 2018		Year ended June 30, 2017	
	Amount	% of total	Amount	% of total
Local sources	\$8,458,203	79.97%	\$8,155,535	81.19%
State sources	1,852,175	17.52%	1,565,784	15.59%
Federal sources	<u>265,878</u>	<u>2.51%</u>	<u>324,181</u>	<u>3.22%</u>
Total revenues	<u>\$10,576,256</u>	<u>100.00%</u>	<u>\$10,045,500</u>	<u>100.00%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2018 and 2017, respectively:

	Year ended June 30, 2018		Year ended June 30, 2017	
	Amount	% of total	Amount	% of total
Instruction	\$3,901,157	38.08%	\$3,977,763	40.52%
Support services	6,225,537	60.76%	5,787,968	58.95%
Capital outlay	63,677	.62%	37,351	.38%
Charter School	<u>55,436</u>	<u>.54%</u>	<u>14,850</u>	<u>.15%</u>
Total expenses	<u>\$10,245,807</u>	<u>100.00%</u>	<u>\$9,817,932</u>	<u>100.00%</u>

## General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

## Capital Assets

At the end of the fiscal year, the District had \$3,997,013 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2018 and 2017, respectively:

	Capital Assets June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$177,000	\$ 177,000	\$ -	\$ -	\$ 177,000	\$177,000
Land Improvements	4,473	5,073	-	-	4,473	5,073
Construction In Progress	16,144	16,144	-	-	16,144	16,144
Building and Improvements	904,780	937,780	-	-	904,780	937,780
Machinery and Equipment	<u>114,593</u>	<u>82,161</u>	<u>10,258</u>	<u>10,856</u>	<u>124,851</u>	<u>93,017</u>
TOTAL	<u>\$1,216,990</u>	<u>\$1,218,158</u>	<u>\$ 10,258</u>	<u>\$10,856</u>	<u>\$1,227,248</u>	<u>\$1,229,014</u>

## Debt Administration

Other long-term debt includes liabilities for compensated absences of \$129,676 and \$132,281 as of June 30, 2018 and 2017, respectively and net pension liability for PERS of \$2,848,911 and \$3,449,765 as of June 30, 2018 and 2017, respectively.

## **For the Future**

The Rockaway Borough School District is presently in good financial condition. Everyone associated with the Rockaway Borough School District is grateful for the community support.

The School Funding and Reform Act (SFRA) was enacted in 2008 and established a statewide, weighted student funding formula. The Funding Formula is being underfunded by the State and the shortfall is thereby absorbed by the taxpayers. A major concern of the District is its increasing reliance on property taxes.

The Rockaway Borough School District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenges of the future.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at the Rockaway Borough School District, 103 East Main Street, Rockaway, New Jersey 07866.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**



**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	560,915.34	29,163.37	590,078.71
Receivables, net	413,793.66	5,725.58	419,519.24
Internal balances	(34,661.09)	34,661.09	-
Inventory		1,887.16	1,887.16
Restricted assets:			
Capital reserve account - cash	902,504.19		902,504.19
Capital assets:			
Construction in progress	16,143.83		16,143.83
Land	177,000.00		177,000.00
Other capital assets, net	1,023,845.53	10,258.31	1,034,103.84
Total Assets	<u>3,059,541.46</u>	<u>81,695.51</u>	<u>3,141,236.97</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows of Resources Related to PERS	937,239.80		937,239.80
Total Deferred Outflows	<u>937,239.80</u>	-	<u>937,239.80</u>
<b>LIABILITIES</b>			
Accounts payable	143,123.81	3,506.66	146,630.47
Interfund Payable	3,396.73		3,396.73
Payable to state government	40,754.02		40,754.02
Payable to federal government	3,041.41		3,041.41
Unearned revenue	-	4,211.14	4,211.14
Noncurrent liabilities:			
Due beyond one year	2,978,587.20		2,978,587.20
Total liabilities	<u>3,168,903.17</u>	<u>7,717.80</u>	<u>3,176,620.97</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS	650,238.00		650,238.00
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,216,989.36	10,258.31	1,227,247.67
Restricted for:			
Capital projects	902,504.19		902,504.19
Other Purposes	676,361.74		676,361.74
Unrestricted	(2,618,215.20)	63,719.40	(2,554,495.80)
Total net position	<u>177,640.09</u>	<u>73,977.71</u>	<u>251,617.80</u>

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	2,552,070.33	1,698,294.50	-	288,751.83	(3,961,613.00)	-	(3,961,613.00)
Special education	975,299.44	843,931.38	-	38,583.13	(1,780,647.69)	-	(1,780,647.69)
Other special instruction	259,903.27	225,510.51	-	10,281.85	(475,131.93)	-	(475,131.93)
Other instruction	113,883.51	-	-	-	(113,883.51)	-	(113,883.51)
<b>Support services:</b>							
Tuition	321,941.90	-	-	-	(321,941.90)	-	(321,941.90)
Student & instruction related services	1,578,602.55	836,831.03	-	245,965.80	(2,169,467.78)	-	(2,169,467.78)
General administrative services	426,502.87	202,518.72	-	16,872.58	(612,149.01)	-	(612,149.01)
School administrative service	257,851.62	210,785.81	-	10,200.68	(458,436.75)	-	(458,436.75)
Central Services and Admin. Infor. Tech.	207,957.45	159,812.33	-	-	(367,769.78)	-	(367,769.78)
Plant operations and maintenance	745,963.30	325,063.56	-	29,510.52	(1,041,516.34)	-	(1,041,516.34)
Pupil transportation	225,170.17	7,651.33	-	-	(232,821.50)	-	(232,821.50)
Capital Outlay - Non Depreciable	18,480.00	-	-	15,000.00	(3,480.00)	-	(3,480.00)
Transfer to Charter School	55,436.00	-	-	-	(55,436.00)	-	(55,436.00)
Total governmental activities	7,739,062.41	4,510,399.17	-	655,166.39	(11,594,295.19)	-	(11,594,295.19)
<b>Business-type activities:</b>							
Food Service	195,720.00	-	129,890.01	79,588.33	-	13,758.34	13,758.34
Total business-type activities	195,720.00	-	129,890.01	79,588.33	-	13,758.34	13,758.34
<b>Total primary government</b>	<b>7,934,782.41</b>	<b>4,510,399.17</b>	<b>129,890.01</b>	<b>734,754.72</b>	<b>(11,594,295.19)</b>	<b>13,758.34</b>	<b>(11,580,536.85)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					8,106,108.00	-	8,106,108.00
Federal and State aid not restricted					3,649,202.66	-	3,649,202.66
Miscellaneous Income					64,961.77	-	64,961.77
Total general revenues					11,820,272.43	-	11,820,272.43
Change in Net Position					225,977.24	13,758.34	239,735.58
Net Position - Beginning					(48,337.15)	60,219.37	11,882.22
Net Position - ending					177,640.09	73,977.71	251,617.80

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

## **FUND FINANCIAL STATEMENTS**

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	560,915.34			560,915.34
Due from other funds	200,355.52			200,355.52
Receivable from state government	144,707.60		99,815.09	244,522.69
Receivable from federal government		138,554.80		138,554.80
Receivables from other governments	27,516.17	3,200.00		30,716.17
Restricted cash and cash equivalents	902,504.19			902,504.19
<b>Total assets</b>	<u>1,835,998.82</u>	<u>141,754.80</u>	<u>99,815.09</u>	<u>2,077,568.71</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund Loans Payable		100,540.43		100,540.43
Interfund Accounts Payable	38,057.82		99,815.09	137,872.91
Accounts payable	23,618.66	460.35		24,079.01
Payable to federal government	3,041.41			3,041.41
Payable to state government		40,754.02		40,754.02
<b>Total liabilities</b>	<u>64,717.89</u>	<u>141,754.80</u>	<u>99,815.09</u>	<u>306,287.78</u>
Fund Balances:				
Committed to:				
Capital Reserve Account	902,504.19			902,504.19
Restricted for:				
Excess Surplus	418,926.80			418,926.80
Excess Surplus Designated for for Subsequent Year's Expenditures	170,000.00			170,000.00
Assigned to:				
Other Purposes	69,636.94			69,636.94
Designated for Subsequent Year's Expenditures	17,798.00			17,798.00
Unassigned:				
General Fund	192,415.00			192,415.00
<b>Total fund balances</b>	<u>1,771,280.93</u>	<u>-</u>	<u>-</u>	<u>1,771,280.93</u>
<b>Total liabilities and fund balances</b>	<u>1,835,998.82</u>	<u>141,754.80</u>	<u>99,815.09</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Accounts Payable for subsequent Pension payment is not a payable in the funds				(119,044.80)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.				
Deferred Outflows of Resources Related to PERS Pension Liability				937,239.80
Deferred Inflows of Resources Related to PERS Pension Liability				(650,238.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,997,013.15 and the accumulated depreciation is \$2,780,023.79.				
				1,216,989.36
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				
				(2,978,587.20)
<b>Net position of governmental activities</b>				<u>177,640.09</u>

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local Tax Levy	8,106,108.00	-	8,106,108.00
Tuition - Other LEA's Within the State	202,519.83	-	202,519.83
Tuition - Individuals	51,045.50	-	51,045.50
Miscellaneous Income	64,961.77	33,568.28	98,530.05
<b>Total - Local Sources</b>	<b>8,424,635.10</b>	<b>33,568.28</b>	<b>8,458,203.38</b>
State sources	1,750,019.66	102,154.98	1,852,174.64
Federal sources	-	265,877.80	265,877.80
<b>Total revenues</b>	<b>10,174,654.76</b>	<b>401,601.06</b>	<b>10,576,255.82</b>
<b>EXPENDITURES</b>			
Current:			
Regular instruction	2,356,544.07	195,526.26	2,552,070.33
Special education instruction	975,299.44	-	975,299.44
Other special instruction	259,903.27	-	259,903.27
Other instruction	113,883.51	-	113,883.51
Support services and undistributed costs:			
Tuition	321,941.90	-	321,941.90
Student & instruction related services	1,387,527.75	191,074.80	1,578,602.55
General administrative services	426,502.87	-	426,502.87
School administrative services	257,851.62	-	257,851.62
Central Services and Admin. Infor. Tech.	207,957.45	-	207,957.45
Plant operations and maintenance	745,963.30	-	745,963.30
Pupil transportation	225,170.17	-	225,170.17
Unallocated employee benefits	2,461,546.92	-	2,461,546.92
Capital outlay	48,677.00	15,000.00	63,677.00
Transfer to charter school	55,436.00	-	55,436.00
<b>Total expenditures</b>	<b>9,844,205.27</b>	<b>401,601.06</b>	<b>10,245,806.33</b>
 Net change in fund balances	 330,449.49	 -	 330,449.49
 Fund balance—July 1 -	 1,440,831.44	 -	 1,440,831.44
Fund balance—June 30	1,771,280.93	-	1,771,280.93

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

**BOROUGH OF ROCKAWAY 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, 2018**

**Total net change in fund balances - governmental funds (from B-2)** 330,449.49

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	(46,364.81)	
Depreciable Capital outlays	<u>45,197.00</u>	
		<u>(1,167.81)</u>

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	113,376.00	
Less: Pension Expense	<u>(219,285.00)</u>	
Increase/(Decrease) in Pension Expense		(105,909.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Pension	939,053.00
Increase in On-behalf TPAF Pension Expense	(939,053.00)

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 exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase)/Decrease in Compensated Absences Payable	2,604.56
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Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	960,130.00
Increase in On-behalf State Aid TPAF Post Employment Medical Expense	<u>(960,130.00)</u>

**Change in net position of governmental activities** 225,977.24

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	29,163.37	29,163.37
Intergovernmental receivables:		
Federal	5,496.16	5,496.16
State	229.42	229.42
Interfund Receivables	34,661.09	34,661.09
Inventories	1,887.16	1,887.16
Total current assets	71,437.20	71,437.20
Noncurrent assets:		
Furniture, machinery & equipment	149,954.00	149,954.00
Less accumulated depreciation	(139,695.69)	(139,695.69)
Total noncurrent assets	10,258.31	10,258.31
 Total assets	 81,695.51	 81,695.51
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	3,506.66	3,506.66
Unearned Revenue:		
Prepaid Sales	4,211.14	4,211.14
Total current liabilities	7,717.80	7,717.80
<b>NET POSITION:</b>		
Invested in capital assets net of related debt	10,258.31	10,258.31
Unrestricted	63,719.40	63,719.40
Total net position	73,977.71	73,977.71

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Fund	
	Food Service	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable lunch programs	90,222.37	90,222.37
Daily sales - non-reimbursable lunch programs	38,265.00	38,265.00
Miscellaneous	1,402.64	1,402.64
Total operating revenues	<u>129,890.01</u>	<u>129,890.01</u>
Operating expenses:		
Cost of sales- reimbursable	79,100.86	79,100.86
Cost of sales- non- reimbursable	12,515.00	12,515.00
Salaries	60,237.85	60,237.85
Employee benefits	4,021.65	4,021.65
Payroll Taxes	8,922.99	8,922.99
Supplies and Materials	4,606.53	4,606.53
Management Fees	11,804.15	11,804.15
Insurance	8,836.92	8,836.92
Repairs	770.00	770.00
Depreciation	597.93	597.93
Miscellaneous	4,306.12	4,306.12
Total operating expenses	<u>195,720.00</u>	<u>195,720.00</u>
Operating Income (Loss)	<u>(65,829.99)</u>	<u>(65,829.99)</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	2,517.68	2,517.68
Federal sources:		
National school lunch program	61,727.99	61,727.99
Breakfast program	1,304.58	1,304.58
Milk program	39.12	39.12
Food distribution program	13,998.96	13,998.96
Total nonoperating revenues (expenses)	<u>79,588.33</u>	<u>79,588.33</u>
Income (Loss) before contributions and transfers	13,758.34	13,758.34
Total Net Position - Balance, beginning of year	<u>60,219.37</u>	<u>60,219.37</u>
Total Net position—Ending	<u><u>73,977.71</u></u>	<u><u>73,977.71</u></u>

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



**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	135,457.78	135,457.78
Cash payments to employees for services	(60,237.85)	(60,237.85)
Cash payments to suppliers for goods and services	(135,375.23)	(135,375.23)
Net cash provided by (used for) operating activities	<u>(60,155.30)</u>	<u>(60,155.30)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	2,700.92	2,700.92
Federal Sources	83,540.57	83,540.57
Net cash provided by (used for) non-capital financing activities	<u>86,241.49</u>	<u>86,241.49</u>
Net increase (decrease) in cash and cash equivalents	26,086.19	26,086.19
Balances—Beginning of year	<u>3,077.18</u>	<u>3,077.18</u>
Balances—End of year	<u><u>29,163.37</u></u>	<u><u>29,163.37</u></u>
Reconciliation of operating income (loss) to net cash provided		
(used) operating activities:		
Operating Income (Loss)	(65,829.99)	(65,829.99)
Adjustments to reconcile operating loss to net cash provided		
(used for) operating activities:		
Depreciation	597.93	597.93
Board subsidy		
(Increase) decrease in accounts receivable, net	1,356.63	1,356.63
(Increase ) decrease in inventories	(642.84)	(642.84)
Increase (decrease) in accounts payable	151.83	151.83
( Increase) decrease in interfund payable	4,211.14	4,211.14
Total adjustments	<u>5,674.69</u>	<u>5,674.69</u>
Net cash provided by (used for) operating activities	<u><u>(60,155.30)</u></u>	<u><u>(60,155.30)</u></u>

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	102,241.65	4,373.39	80,458.90
Interfund Account Receivable - General Fund			3,396.73
	<u>102,241.65</u>	<u>4,373.39</u>	<u>83,855.63</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages	-	-	874.82
Flexible Spending Reserve	-	-	356.26
Payable to student groups	-	-	49,589.60
Payroll deductions and withholdings	-	-	33,034.95
	<u>-</u>	<u>-</u>	<u>83,855.63</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>102,241.65</u>		
Reserved for scholarships		<u>4,373.39</u>	

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

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan member	10,776.32	-
Other	-	-
Total Contributions	<u>10,776.32</u>	<u>-</u>
Investment earnings:		
Interest	109.16	16.46
Net investment earnings	<u>109.16</u>	<u>16.46</u>
Total additions	<u>10,885.48</u>	<u>16.46</u>
<b>DEDUCTIONS</b>		
Unemployment claims	8,986.89	-
Scholarships awarded	-	50.00
Total deductions	<u>8,986.89</u>	<u>50.00</u>
Change in net position	1,898.59	(33.54)
Net position—Beginning of the year	<u>100,343.06</u>	<u>4,406.93</u>
Net position—End of the year	<u><u>102,241.65</u></u>	<u><u>4,373.39</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Board of Education (“Board”) of the Borough of Rockaway School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Rockaway School District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education of the Borough of Rockaway School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**District-wide Financial Statements**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**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 - *government*, *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 funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state 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 revenues.

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 from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

**B. Measurement Focus**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the



**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Fund Financial Statements** (continued)

governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, 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. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Revenues - Exchange and Non-exchange Transactions** (continued)

be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendent's office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made an appropriation for \$401,500.00 from Capital Reserve for construction services during the fiscal 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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and 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.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Budgets/Budgetary Control** (continued)

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

**E. 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 reservations of 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 Board has received advances, are reflected in the balance sheet as unearned revenues 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.

**F. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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 Board 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.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Cash, Cash Equivalents and Investments** (continued)

*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 public 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Tuition Payable**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**I. Inventories**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables**

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

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**M. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**N. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**P. Accounting and Financial Reporting for Pensions** (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Q. Deferred Outflows/Inflows of Resources** (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**R. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

**Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.



**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**S. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**T. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

**V. Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, medical and dental benefits and TPAF on-behalf contributions were allocated based on salaries of that program. Changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**W. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**X. Recent Accounting Pronouncements:**

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017 and was implemented by the District for the year ended June 30, 2018.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District implemented this statement for the year ended June 30, 2018.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**X. Recent Accounting Pronouncements:**(continued)

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District had no transactions of this type for the year ended June 30, 2018.

In June 2017, the Government Accounting Standards Board issued GASB Statement 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

In March 2018, the Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$-0- of the District's bank balance of \$1,927,199.40 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The district places no limit on the amount the District may invest in any one issuer.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2018 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$244,522.69	\$229.42	\$244,752.11
Federal Aid	138,554.80	5,496.16	144,050.96
Other	30,716.17	34,661.09	30,716.17
Interfunds	<u>200,355.52</u>	_____	_____
Gross Receivables	614,149.18	40,386.67	419,519.24
Less Allowance for Uncollectables	_____ -	_____ -	_____ -
Total Receivables Net	<u>\$614,149.18</u>	<u>\$40,386.67</u>	<u>\$419,519.24</u>

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2018 consist of the following:

Due to General Fund from Capital Projects Fund.	\$ 99,815.09
Due to Payroll Agency Account from the General Fund.	3,396.73
Due to General Fund from Special Revenue Fund.	100,540.43
Due to the Food Service Fund from the General Fund.	<u>34,661.09</u>
	<u>\$238,413.34</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental Activities:			
Capital Assets Not Being Depreciated			
Land	\$177,000.00	\$	\$177,000.00
Construction in Progress	<u>16,143.83</u>	<u>                    </u>	<u>16,143.83</u>
Total Capital Assets Not Being Depreciated	<u>193,143.83</u>	<u>                    </u>	<u>193,143.83</u>
Building and Building Improvements	2,447,404.43		2,447,404.43
Land Improvements	291,491.00		291,491.00
Machinery and Equipment	<u>1,019,776.89</u>	<u>45,197.00</u>	<u>1,064,973.89</u>
Totals at Historical Costs	<u>3,758,672.32</u>	<u>45,197.00</u>	<u>3,803,869.32</u>
Less Accumulated Depreciation for:			
Land Improvements	(286,418.30)	(599.80)	(287,018.10)
Building and Improvements	(1,509,624.66)	(32,999.88)	(1,542,624.54)
Machinery and Equipment	<u>(937,616.02)</u>	<u>(12,765.13)</u>	<u>(950,381.15)</u>
Total Accumulated Depreciation	<u>(2,733,658.98)</u>	<u>(46,364.81) (1)</u>	<u>(2,780,023.79)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>1,025,013.34</u>	<u>(1,167.81)</u>	<u>1,023,845.53</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$1,218,157.17</u>	<u>\$(1,167.81)</u>	<u>\$1,216,989.36</u>
Business-type Activities:			
Equipment	149,954.00		149,954.00
Less Accumulated Depreciation for: Equipment	<u>(139,097.76)</u>	<u>(597.93)</u>	<u>(139,695.69)</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>10,856.24</u>	<u>(597.93)</u>	<u>10,258.31</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$7,173.00
School Administrative Services	287.50
General and Business Administrative Services	30,894.51
Plant Operations and Maintenance	358.47
Pupil Transportation	<u>7,651.33</u>
	<u>\$46,364.81</u>

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>		<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Other Liabilities:						
Compensated Absences	\$132,280.76	\$	\$(2,604.56)	(1)	\$129,676.20	\$0.00
Net Pension Liability	<u>3,449,765.00</u>	<u>2,848,911.00</u>	<u>(3,449,765.00)</u>		<u>2,848,911.00</u>	<u>0.00</u>
Total Other Liabilities	<u>3,582,045.76</u>	<u>2,848,911.00</u>	<u>(3,452,369.56)</u>	(1)	<u>2,978,587.20</u>	<u>0.00</u>
Governmental Activities						
Long - Term Liabilities	<u>\$3,582,045.76</u>	<u>\$2,848,911.00</u>	<u>\$(3,452,369.56)</u>		<u>\$2,978,587.20</u>	<u>\$ 0.00</u>

(1) Net of days allowed and days used.

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at:

[http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**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 fully vested for their

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
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**NOTE 8. PENSION PLANS (continued)**

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

**Benefits Provided (continued)**

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:

<u>Tier</u>	<u>Definition</u>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 before age 62 with 25 or more years of service credit 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 50 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.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**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.



**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
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**NOTE 8. PENSION PLANS (continued)**

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 before age 62 with 25 or more years of service credit 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 50 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.

**Defined Contribution Retirement Program**

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 PFRS, 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 expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/18	\$113,376.00	\$18,413.13
6/30/17	103,478.00	11,052.54
6/30/16	106,462.00	12,600.00

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>LTDI Contribution</u>
6/30/18	\$465,528.00	\$307,971.00	\$11,297.00	\$1,279.00
6/30/17	329,036.00	284,104.00	11,922.00	1,319.00
6/30/16	209,022.00	261,284.00	10,412.00	-

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$250,307.16 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2018, the District had a liability of \$2,848,911.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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 governmental entities, actuarially determined. At June 30, 2017, the District's proportion was 0.0122384318 percent, which was an increase of 0.0005905633 percent from its proportion measured as of June 30, 2016.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS** (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$219,285.00. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$67,082.00	\$
Changes of assumptions	573,957.00	571,853.00
Net difference between projected and actual earnings on pension plan investments	19,399.00	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	157,757.00	78,385.00
District contributions subsequent to the measurement date	<u>119,044.80</u>	<u>                    </u>
Total	<u>\$937,239.80</u>	<u>\$650,238.00</u>

The \$119,044.80 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$67,066.00
2019	101,204.00
2020	61,325.00
2021	(81,562.00)
2022	(59,448.00)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

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

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's Proportion	0.0122384318%	0.011647869%

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

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

**Mortality Rates (continued)**

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 1 year for females).

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and 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 Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1-percentage-point higher than the current rate:

	1%	<u>June 30, 2017</u> At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
District's proportionate share of the pension liability	\$3,534,268	\$2,848,911	\$2,277,924

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE  
STATEMENTS PER - GASB NO. 68, (continued)**

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

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:

District's proportionate share	\$ -
State's proportionate share associated with the District	<u>20,438,528.00</u>
	<u>\$20,438,528.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was 0.0303136088%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$1,415,878.00 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE  
STATEMENTS PER - GASB NO. 68, (continued)**

**Actuarial Assumptions (continued)**

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Mortality Rates**

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-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 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 plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:



**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuary 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-  
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**NOTE 9. POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (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. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 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 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The 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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	
	<u>20,211,162</u>
	<u>\$20,211,162</u>

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

**(a) *Health Care Trend Assumptions***

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**(b) *Discount Rate***

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

***Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:***

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,268,101 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Rockaway School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium. (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$0.00	\$10,945.28	\$8,986.89	\$102,241.65
2016-2017	0.00	11,048.63	11,010.78	100,283.26
2015-2016	0.00	9,883.61	3,270.41	100,241.70

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 11. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Rockaway Board of Education by inclusion of \$100.00 on October 3, 2000 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). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, 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 July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$754,004.19
Board Authorized Transfer	550,000.00
Budgeted withdrawal	<u>( 401,500.00)</u>
Ending balance June 30, 2018	<u>\$902,504.19</u>

The balance in the capital reserve account at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**NOTE 12: CALCULATION OF EXCESS SURPLUS**

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2018 is \$588,926.80, of this amount \$418,926.80 is the result of current year's operations.

**Borough of Rockaway School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 13. FUND BALANCE APPROPRIATED**

**General Fund (B-1)** - Of the \$1,771,280.93 General Fund fund balance at June 30, 2018, \$69,636.94 is reserved for encumbrances, \$588,926.80 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*, \$170,000.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$902,504.19 has been reserved in the Capital Reserve Account, \$17,798.00 has been designated for subsequent year's expenditures and \$192,415.00 is unreserved and undesignated.

**NOTE 14. CONTINGENT LIABILITIES**

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

**Litigation** - The Board's attorney is unaware of any potential claims against the District that would materially affect the financial condition of the District.

**NOTE 15: SUBSEQUENT EVENT**

The District has evaluated subsequent events through February 4, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

## **BUDGETARY COMPARISON SCHEDULE**

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 1 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	8,106,108.00	-	8,106,108.00	8,106,108.00	-
Tuition - From Individuals	72,000.00	-	72,000.00	51,045.50	(20,954.50)
Tuition - Other LEA's Within the State	77,840.00	100,000.00	177,840.00	202,519.83	24,679.83
Tuition - Other Sources	100,000.00	(100,000.00)	-	-	-
Rental	3,480.00	(3,480.00)	-	-	-
Unrestricted Miscellaneous Revenue	15,000.00	-	15,000.00	64,961.77	49,961.77
<b>Total - Local Sources</b>	<u>8,374,428.00</u>	<u>(3,480.00)</u>	<u>8,370,948.00</u>	<u>8,424,635.10</u>	<u>53,687.10</u>
<b>State Sources:</b>					
Categorical Security Aid	16,077.00	-	16,077.00	16,077.00	-
Categorical Transportation Aid	8,482.00	-	8,482.00	8,482.00	-
Categorical Special Education Aid	385,322.00	-	385,322.00	385,322.00	-
Equalization Aid	70,585.00	65,926.00	136,511.00	136,511.00	-
Under Adequacy Aid	20,479.00	-	20,479.00	20,479.00	-
PARCC Readiness Aid	5,940.00	-	5,940.00	5,940.00	-
Per Pupil Growth Aid	5,940.00	-	5,940.00	5,940.00	-
Professional Learning Community Aid	5,470.00	-	5,470.00	5,470.00	-
Lead Testing for Schools Aid	5,400.00	(1,648.50)	3,751.50	3,751.50	-
Non Public Transportation Aid	-	5,510.00	5,510.00	5,510.00	-
Extraordinary Aid	50,000.00	76,263.00	126,263.00	126,753.00	490.00
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	465,528.00	465,528.00
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	11,297.00	11,297.00
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	307,971.00	307,971.00
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,279.00	1,279.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	250,307.16	250,307.16
<b>Total State Sources</b>	<u>573,695.00</u>	<u>146,050.50</u>	<u>719,745.50</u>	<u>1,756,617.66</u>	<u>1,036,872.16</u>
<b>Total Revenues</b>	<u>8,948,123.00</u>	<u>142,570.50</u>	<u>9,090,693.50</u>	<u>10,181,252.76</u>	<u>1,090,559.26</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	73,425.00	(1,200.00)	72,225.00	72,162.50	62.50
Kindergarten - Salaries of Teachers	207,062.00	(452.00)	206,610.00	206,465.47	144.53
Grades 1-5 - Salaries of Teachers	1,032,570.00	7,566.00	1,040,136.00	1,040,134.31	1.69
Grades 6-8 - Salaries of Teachers	709,642.00	(26,705.00)	682,937.00	682,030.18	906.82
<b>Regular Programs - Instruction:</b>					
Salaries Home Instruction	4,500.00	(2,500.00)	2,000.00	-	2,000.00
Purchased Professional-Educational Services	1,800.00	(900.00)	900.00	-	900.00
<b>Regular Programs - Home Instruction:</b>					
Purchased Professional-Educational Services	1,000.00	-	1,000.00	450.00	550.00
Purchased Professional-Tech Services	23,750.00	14,566.00	38,316.00	38,315.34	0.66
Other Purchased Service (400-500 Series)	19,000.00	746.00	19,746.00	16,967.24	2,778.76
Tech -Other Purchased Services	105,000.00	13,753.00	118,753.00	110,352.03	8,400.97
General Supply	156,889.12	(19,127.00)	137,762.12	132,039.06	5,723.06
Text Books	58,000.00	(1,323.00)	56,677.00	55,330.44	1,346.56
Other Objects	3,000.00	380.00	3,380.00	2,297.50	1,082.50
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>2,395,638.12</u>	<u>(15,196.00)</u>	<u>2,380,442.12</u>	<u>2,356,544.07</u>	<u>23,898.05</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Cognitive - Mild:</b>					
Salaries of Teachers	49,915.00	(455.00)	49,460.00	49,295.00	165.00
General Supplies	1,000.00	-	1,000.00	788.55	211.45
<b>Total Cognitive- Mild</b>	<u>50,915.00</u>	<u>(455.00)</u>	<u>50,460.00</u>	<u>50,083.55</u>	<u>376.45</u>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	56,860.00	4,205.00	61,065.00	60,799.48	265.52
General Supplies	3,500.00	-	3,500.00	2,392.33	1,107.67
<b>Total Multiple Disabilities</b>	<u>60,360.00</u>	<u>4,205.00</u>	<u>64,565.00</u>	<u>63,191.81</u>	<u>1,373.19</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	582,865.00	6,504.00	589,369.00	586,370.94	2,998.06
Other Salaries for Instruction	195,211.00	(8,293.00)	186,918.00	181,253.77	5,664.23
General Supplies	3,900.00	1,410.00	5,310.00	5,308.97	1.03
<b>Total Resource Room/Resource Center</b>	<u>781,976.00</u>	<u>(379.00)</u>	<u>781,597.00</u>	<u>772,933.68</u>	<u>8,663.32</u>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	14,805.00	-	14,805.00	14,805.00	-
Other Salaries for Instruction	70,500.00	1,752.00	72,252.00	69,249.19	3,002.81
Purchased Professional - Educational Services	1,000.00	-	1,000.00	684.96	315.04
<b>Total Preschool Disabilities - Part-Time</b>	<u>86,305.00</u>	<u>1,752.00</u>	<u>88,057.00</u>	<u>84,739.15</u>	<u>3,317.85</u>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 2 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Salaries of Teachers	500.00	500.00	1,000.00	907.97	92.03
Purchased Professional - Educational Services	2,800.00	644.00	3,444.00	3,443.28	0.72
Total Home Instruction	<u>3,300.00</u>	<u>1,144.00</u>	<u>4,444.00</u>	<u>4,351.25</u>	<u>92.75</u>
 TOTAL SPECIAL EDUCATION - INSTRUCTION	 <u>982,856.00</u>	 <u>6,267.00</u>	 <u>989,123.00</u>	 <u>975,299.44</u>	 <u>13,823.56</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	182,478.00	6,258.00	188,736.00	188,617.20	118.80
General Supplies	1,300.00	-	1,300.00	1,127.70	172.30
Total Basic Skills/Remedial - Instruction	<u>183,778.00</u>	<u>6,258.00</u>	<u>190,036.00</u>	<u>189,744.90</u>	<u>291.10</u>
Bilingual Education - Instruction					
Salaries of Teachers	68,625.00	-	68,625.00	68,625.00	-
General Supplies	2,300.00	-	2,300.00	1,533.37	766.63
Total Bilingual Education - Instruction	<u>70,925.00</u>	<u>-</u>	<u>70,925.00</u>	<u>70,158.37</u>	<u>766.63</u>
School-Spon. Co/Extra Curr. Actvts. -Inst					
Salaries	16,500.00	8,911.00	25,411.00	25,409.82	1.18
Supplies and Materials	200.00	-	200.00	-	200.00
Other Objects	100.00	5,795.00	5,895.00	3,000.00	2,895.00
Total School-Spon. Co/Extra Curr. Actvts.- Inst	<u>16,800.00</u>	<u>14,706.00</u>	<u>31,506.00</u>	<u>28,409.82</u>	<u>3,096.18</u>
School-Sponsored Athletics - Instruction					
Salaries	14,500.00	567.00	15,067.00	15,066.48	0.52
Purchased Services	3,500.00	820.00	4,320.00	4,320.00	-
Supplies and Materials	3,500.00	1,794.00	5,294.00	4,489.97	804.03
Other Objects	1,900.00	(261.00)	1,639.00	1,356.89	282.11
Total School-Sponsored Athletics - Instruction	<u>23,400.00</u>	<u>2,920.00</u>	<u>26,320.00</u>	<u>25,233.34</u>	<u>1,086.66</u>
Other Supp/At Risk Programs					
Salaries Reading Specialists	59,220.00	-	59,220.00	59,220.00	-
Supplies and Materials	1,900.00	-	1,900.00	1,020.35	879.65
Total Other Supp/ At Risk Programs	<u>61,120.00</u>	<u>-</u>	<u>61,120.00</u>	<u>60,240.35</u>	<u>879.65</u>
 Total Instruction	 <u>3,734,517.12</u>	 <u>14,955.00</u>	 <u>3,749,472.12</u>	 <u>3,705,630.29</u>	 <u>43,841.83</u>
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Priv.Sch. For the Disabled W/I State	427,937.00	55,323.00	483,260.00	321,941.90	161,318.10
Total Undistributed Expenditures - Instruction (Tuition)	<u>427,937.00</u>	<u>55,323.00</u>	<u>483,260.00</u>	<u>321,941.90</u>	<u>161,318.10</u>
Undist. Expenditures - Health Services					
Salaries	111,468.00	5,695.00	117,163.00	117,162.01	0.99
Purchased Professional and Technical Services	13,456.00	8,116.00	21,572.00	16,012.10	5,559.90
Other Purchased Services (400-500 Series)	600.00	-	600.00	200.00	400.00
Supplies and Materials	1,500.00	3,448.00	4,948.00	4,285.44	662.56
Other Objects	200.00	-	200.00	-	200.00
Total Undist. Expenditures - Health Services	<u>127,224.00</u>	<u>17,259.00</u>	<u>144,483.00</u>	<u>137,659.55</u>	<u>6,823.45</u>
Undist. Expend.-Speech, OT, PT and Related Services					
Salaries	160,250.00	38.00	160,288.00	159,917.41	370.59
Purchased Professional - Educational Services	21,000.00	-	21,000.00	16,848.00	4,152.00
Supplies and Materials	3,000.00	400.00	3,400.00	3,321.38	78.62
Total Undist. Expend.-Speech, OT, PT and Related Services	<u>184,250.00</u>	<u>438.00</u>	<u>184,688.00</u>	<u>180,086.79</u>	<u>4,601.21</u>
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	358,434.00	(25,017.00)	333,417.00	328,948.88	4,468.12
Purchased Professional- Educational Services	176,800.00	(21,862.00)	154,938.00	124,139.43	30,798.57
Supplies and Materials	1,000.00	-	1,000.00	25.17	974.83
Total Undist Expend-Oth Supp Serv Std-Extra Serv	<u>536,234.00</u>	<u>(46,879.00)</u>	<u>489,355.00</u>	<u>453,113.48</u>	<u>36,241.52</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	53,760.00	3,545.00	57,305.00	57,304.90	0.10
Other Purchased Services (400-500 series)	1,000.00	-	1,000.00	-	1,000.00
Supplies and Materials	1,000.00	-	1,000.00	192.55	807.45
Other Objects	200.00	-	200.00	-	200.00
Total Undist. Expenditures - Guidance	<u>55,960.00</u>	<u>3,545.00</u>	<u>59,505.00</u>	<u>57,497.45</u>	<u>2,007.55</u>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 3 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expenditures- Child Study Teams					
Salaries of Secretarial and Clerical Assistants	36,000.00	(2,505.00)	33,495.00	32,656.22	838.78
Other Purchased Prof. And Tech. Services	212,969.00	3,450.00	216,419.00	156,204.92	60,214.08
Other Pur Serv(400-500 series)	300.00	200.00	500.00	448.00	52.00
Supplies and Materials	7,300.00	(4,000.00)	3,300.00	2,532.30	767.70
Other Objects	900.00	-	900.00	26.80	873.20
<b>Total Undist. Expenditures - Child Study Teams</b>	<b>257,469.00</b>	<b>(2,855.00)</b>	<b>254,614.00</b>	<b>191,868.24</b>	<b>62,745.76</b>
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	179,157.00	(5,037.00)	174,120.00	174,119.34	0.66
Sal Summer Curriculum Writing	-	7,709.00	7,709.00	7,708.48	0.52
Sal of Other Professional Staff	9,000.00	-	9,000.00	8,725.00	275.00
Sal of Secr and Clerical Assist.	18,564.00	2,367.00	20,931.00	20,930.13	0.87
Unused Vacation Pay	-	6,000.00	6,000.00	3,683.80	2,316.20
Supplies and Materials	200.00	-	200.00	-	200.00
Other Objects	1,000.00	2,650.00	3,650.00	3,637.66	12.34
<b>Total Undist. Expend.-Improv. Of Inst. Serv.</b>	<b>207,921.00</b>	<b>13,689.00</b>	<b>221,610.00</b>	<b>218,804.41</b>	<b>2,805.59</b>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	60,020.00	(5,202.00)	54,818.00	54,818.00	-
Tech Coordinator Salaries	71,709.00	4,592.00	76,301.00	76,300.34	0.66
Purchased Professional and Technical Services	3,200.00	-	3,200.00	1,400.00	1,800.00
Other Purchased Services (400-500 Series)	1,600.00	-	1,600.00	1,499.40	100.60
Supplies and Materials	6,900.00	1,515.00	8,415.00	5,517.30	2,897.70
<b>Total Undist. Expend.-Edu. Media Serv./Library</b>	<b>143,429.00</b>	<b>905.00</b>	<b>144,334.00</b>	<b>139,535.04</b>	<b>4,798.96</b>
Undist. Expend.-Instr. Staff Training Serv.					
Purchased Professional - Educational Service	-	1,000.00	1,000.00	1,000.00	-
Other Purchased Services (400-500 series)	4,100.00	5,859.00	9,959.00	7,962.79	1,996.21
<b>Total Undist. Expend.-Instr. Staff Training Serv.</b>	<b>4,100.00</b>	<b>6,859.00</b>	<b>10,959.00</b>	<b>8,962.79</b>	<b>1,996.21</b>
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	199,220.00	13,846.00	213,066.00	195,773.52	17,292.48
Legal Services	17,000.00	-	17,000.00	10,858.68	6,141.32
Audit Fees	17,500.00	2,250.00	19,750.00	19,750.00	-
Architectural/Engineering Services	16,000.00	13,000.00	29,000.00	29,000.00	-
Other Purchased Professional Services	34,100.00	3,319.00	37,419.00	37,408.17	10.83
Purchased Technical Services	1,700.00	100.00	1,800.00	1,800.00	-
Communications/Telephone	23,500.00	8,109.00	31,609.00	31,608.57	0.43
BOE Other Purchased Services	1,100.00	(55.00)	1,045.00	720.67	324.33
Misc. Purch Serv (400-500)[Other than 530& 585]	79,700.00	(124.00)	79,576.00	79,234.06	341.94
General Supplies	1,050.00	7,525.00	8,575.00	4,917.77	3,657.23
BoE In-House Training/Meeting Supplies	300.00	115.00	415.00	414.62	0.38
Judgments Against the School District	12,000.00	(12,000.00)	-	-	-
Miscellaneous Expenditures	6,200.00	2,863.00	9,063.00	9,063.00	-
BOE Membership Dues and Fees	9,000.00	(3,000.00)	6,000.00	5,953.81	46.19
<b>Total Undist. Expend.-Support Serv.-Gen. Admin.</b>	<b>418,370.00</b>	<b>35,948.00</b>	<b>454,318.00</b>	<b>426,502.87</b>	<b>27,815.13</b>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	120,069.00	9,901.00	129,970.00	129,969.72	0.28
Salaries of Secretarial and Clerical Assistants	103,250.00	7,009.00	110,259.00	110,147.91	111.09
Other Purchased Services (400-500 series)	8,300.00	4,868.00	13,168.00	10,208.06	2,959.94
Supplies and Materials	5,200.00	-	5,200.00	4,761.74	438.26
Other Objects	3,000.00	-	3,000.00	2,764.19	235.81
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>239,819.00</b>	<b>21,778.00</b>	<b>261,597.00</b>	<b>257,851.62</b>	<b>3,745.38</b>
Undist. Expend. - Central Services					
Salaries	181,311.00	990.00	182,301.00	182,299.59	1.41
Purchased Technical Services	15,000.00	334.00	15,334.00	15,333.03	0.97
Misc. Purchased Services ( 400-500 series)[O/T 594]	500.00	-	500.00	-	500.00
Supplies and Material	2,700.00	1,546.00	4,246.00	4,245.96	0.04
Misc. Expenditures	2,000.00	4,079.00	6,079.00	6,078.87	0.13
<b>Total Undist. Expend. - Central Services</b>	<b>201,511.00</b>	<b>6,949.00</b>	<b>208,460.00</b>	<b>207,957.45</b>	<b>502.55</b>
Undist. Expend. - Admin. Info Technology					
Purchased Technical Services	-	6,300.00	6,300.00	-	6,300.00
<b>Total Undist. Expend. - Admin. Info Technology</b>	<b>-</b>	<b>6,300.00</b>	<b>6,300.00</b>	<b>-</b>	<b>6,300.00</b>
Undist. Expend.-Required Maint For Sch Fac.					
Salaries	41,625.00	37,556.00	79,181.00	78,493.11	687.89
Professional Service	80,000.00	9,858.00	89,858.00	81,976.20	7,881.80
Lead Testing of Drinking Water	5,430.00	(4.50)	5,425.50	3,294.29	2,131.21
General Supplies	24,500.00	1,026.00	25,526.00	23,489.11	2,036.89
<b>Total Undist. Expend.-Required Maint For Sch Fac.</b>	<b>151,555.00</b>	<b>48,435.50</b>	<b>199,990.50</b>	<b>187,252.71</b>	<b>12,737.79</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 4 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	353,787.00	(56,303.00)	297,484.00	291,901.38	5,582.62
Purchased Professional and Technical Services	7,000.00	12,276.00	19,276.00	12,572.44	6,703.56
Cleaning, Repair and Maintenance Services	32,452.00	28,697.00	61,149.00	53,458.26	7,690.74
Classroom Rental	15,250.00	(3,550.00)	11,700.00	11,700.00	-
Other Purchased Property Services	10,000.00	-	10,000.00	9,419.31	580.69
Insurance	29,599.00	(27,243.00)	2,356.00	2,356.00	-
General Supplies	34,500.00	21,113.00	55,613.00	54,498.80	1,114.20
Energy (Natural Gas)	60,000.00	514.00	60,514.00	49,635.25	10,878.75
Energy (Electricity)	62,500.00	(6,449.00)	56,051.00	52,951.95	3,099.05
Gasoline	3,100.00	-	3,100.00	1,280.69	1,819.31
Other Objects	200.00	2,376.00	2,576.00	2,575.48	0.52
Total Undist. Expend. - Custodial Services	<u>608,388.00</u>	<u>(28,569.00)</u>	<u>579,819.00</u>	<u>542,349.56</u>	<u>37,469.44</u>
Undist Expend.-Care and Upkeep of Grounds					
Salaries	14,500.00	(12,500.00)	2,000.00	-	2,000.00
Purchased Services	7,106.00	4,873.00	11,979.00	11,978.50	0.50
General Supplies	2,500.00	2,250.00	4,750.00	4,382.53	367.47
Total Undist. Expend.-Care and Upkeep of Grounds	<u>24,106.00</u>	<u>(5,377.00)</u>	<u>18,729.00</u>	<u>16,361.03</u>	<u>2,367.97</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>784,049.00</u>	<u>14,489.50</u>	<u>798,538.50</u>	<u>745,963.30</u>	<u>52,575.20</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	54,952.00	(28,663.00)	26,289.00	26,288.18	0.82
Salaries for Pupil Trans ( Between Home & Sch) - Reg.	33,200.00	(16,107.00)	17,093.00	14,892.65	2,200.35
Salaries for Pupil Trans ( Between Home & Sch) - Sp. Ed.	26,000.00	13,930.00	39,930.00	39,929.41	0.59
Salaries for Pupil Trans ( Other than Between Home & Sch).	6,300.00	(2,000.00)	4,300.00	1,871.68	2,428.32
Management Fee - ESC & CTSA Trans. Program	3,600.00	(1,500.00)	2,100.00	472.95	1,627.05
Cleaning, Repair and Maintenance Services	12,000.00	3,594.00	15,594.00	11,963.99	3,630.01
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	26,884.00	5,510.00	32,394.00	28,884.00	3,510.00
Contr Serv(Oth. Than Bet Home & Sch)-Vend	15,000.00	-	15,000.00	7,996.89	7,003.11
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	190,000.00	(23,114.00)	166,886.00	86,802.70	80,083.30
Miscellaneous purchased services - Transportation	6,700.00	-	6,700.00	-	6,700.00
General Supplies	100.00	-	100.00	78.79	21.21
Transportation Supplies	4,500.00	1,439.00	5,939.00	5,938.93	0.07
Other Objects	-	200.00	200.00	50.00	150.00
Total Undist. Expend. - Student Transportation Serv.	<u>379,236.00</u>	<u>(46,711.00)</u>	<u>332,525.00</u>	<u>225,170.17</u>	<u>107,354.83</u>
UNALLOCATED BENEFITS					
Social Security Contributions	160,000.00	-	160,000.00	158,366.23	1,633.77
Other Retirement Contributions - PERS	138,816.00	7,843.00	146,659.00	142,058.65	4,600.35
Unemployment Compensation	22,000.00	-	22,000.00	2,000.00	20,000.00
Workmen's Compensation	46,110.00	(7,117.00)	38,993.00	38,992.14	0.86
Health Benefits	1,093,348.13	(58,088.00)	1,035,260.13	1,006,293.92	28,966.21
Tuition Reimbursement	18,000.00	-	18,000.00	8,506.33	9,493.67
Other Employee Benefits	64,849.00	4,600.00	69,449.00	68,947.49	501.51
TOTAL UNALLOCATED BENEFITS	<u>1,543,123.13</u>	<u>(52,762.00)</u>	<u>1,490,361.13</u>	<u>1,425,164.76</u>	<u>65,196.37</u>
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF Pension and Annuity Fund (non-budgeted)	-	-	-	465,528.00	(465,528.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	11,297.00	(11,297.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	307,971.00	(307,971.00)
On-behalf TPAF Long-Term Disability Insurance	-	-	-	1,279.00	(1,279.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	250,307.16	(250,307.16)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,036,382.16</u>	<u>(1,036,382.16)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>1,543,123.13</u>	<u>(52,762.00)</u>	<u>1,490,361.13</u>	<u>2,461,546.92</u>	<u>(971,185.79)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,510,632.13</u>	<u>34,275.50</u>	<u>5,544,907.63</u>	<u>6,034,461.98</u>	<u>(489,554.35)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>9,245,149.25</u>	<u>49,230.50</u>	<u>9,294,379.75</u>	<u>9,740,092.27</u>	<u>(445,712.52)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Non-Inst. Serv	-	-	37,904.00	37,904.00	-
Total Equipment	<u>-</u>	<u>-</u>	<u>37,904.00</u>	<u>37,904.00</u>	<u>-</u>
Facilities Acquisition and Const. Serv.					
Construction Services	-	401,500.00	401,500.00	7,293.00	394,207.00
Assesment for Debt Svc	3,480.00	-	3,480.00	3,480.00	-
Total Facilities Acquisition and Const. Serv.	<u>3,480.00</u>	<u>401,500.00</u>	<u>404,980.00</u>	<u>10,773.00</u>	<u>394,207.00</u>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 5 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL CAPITAL OUTLAY	3,480.00	401,500.00	442,884.00	48,677.00	394,207.00
Transfer to Charter School	-	55,436.00	55,436.00	55,436.00	-
Total Expenditures	9,248,629.25	506,166.50	9,792,699.75	9,844,205.27	(51,505.52)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,506.25)	(363,596.00)	(702,006.25)	337,047.49	1,039,053.74
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(300,506.25)	(401,500.00)	(702,006.25)	337,047.49	1,039,053.74
Fund Balance, July 1	1,492,308.44	-	1,492,308.44	1,492,308.44	-
Fund Balance, June 30	1,191,802.19	(401,500.00)	790,302.19	1,829,355.93	1,039,053.74
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for Prior Year Encumbrances	(18,205.25)	-	(18,205.25)	(18,205.25)	-
Budgeted Fund Balance	(282,301.00)	-	(282,301.00)	771,354.74	489,053.74
Withdrawal from Capital Reserve		(401,500.00)	(401,500.00)	(401,500.00)	-
Increase in Capital Reserve:					
Principal		-		550,000.00	550,000.00
	(300,506.25)	(401,500.00)	(702,006.25)	901,649.49	1,039,053.74

**Recapitulation:**

Committed Fund Balance:	
Year End Encumbrances	69,636.94
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	17,798.00
Restricted Fund Balance:	
Excess Surplus Designated for Subsequent Year's Expenditures	170,000.00
Excess Surplus	418,926.80
Capital Reserve	902,504.19
Unassigned Fund Balance	250,490.00
	1,829,355.93
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	(58,075.00)
Fund Balance per Governmental Funds (GAAP)	1,771,280.93

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	4,500.00	29,068.28	33,568.28	33,568.28	-
State Sources	111,271.00	31,638.00	142,909.00	102,154.98	(40,754.02)
Federal Sources	189,858.00	78,287.00	268,145.00	268,145.00	-
Total Revenues	305,629.00	138,993.28	444,622.28	403,868.26	(40,754.02)
<b>EXPENDITURES:</b>					
Instruction					
Salaries	42,050.00	(722.00)	41,328.00	41,328.00	-
Instruction Purchased Services	70,139.00	27,664.00	97,803.00	57,048.98	40,754.02
Other Purchased Services	42,000.00	9,914.00	51,914.00	51,914.00	-
General supplies	4,500.00	31,368.28	35,868.28	35,868.28	-
Textbooks	11,000.00	(1,633.00)	9,367.00	9,367.00	-
Total Instruction	169,689.00	66,591.28	236,280.28	195,526.26	40,754.02
Support Services					
Purchased professional and technical services	130,573.00	43,244.00	173,817.00	173,817.00	-
Supplies and Materials	5,367.00	14,158.00	19,525.00	19,525.00	-
Total Support Services	135,940.00	57,402.00	193,342.00	193,342.00	-
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	15,000.00	15,000.00	15,000.00	-
Total Facilities Acquisition and Construction Services	-	15,000.00	15,000.00	15,000.00	-
Total Expenditures	305,629.00	138,993.28	444,622.28	403,868.26	40,754.02
Total Outflows	305,629.00	138,993.28	444,622.28	403,868.26	40,754.02
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULES  
BUDGET - TO - GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Note A - Explanation of Difference between Budgetary Inflows and  
GAAP Revenues and Expenditures**

	General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1] 10,181,252.76	[C-2]	403,868.26
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Less: Current Year Encumbrances			(2,267.20)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33):			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(58,075.00)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	51,477.00		
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] 10,174,654.76	[B-2]	401,601.06
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 9,844,205.27	[C-2]	403,868.26
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:			
Less: Current Year Encumbrances			(2,267.20)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] 9,844,205.27	[B-2]	401,601.06

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - PERS**  
**Last 10 Fiscal Years\***

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0112636614%	\$ 2,108,865	\$ 798,905	263.97%	52.08%
2016	0.0118371799%	2,657,210	827,170	321.24%	47.93%
2017	0.0116478690%	3,449,765	766,200	450.24%	59.86%
2018	0.0122384318%	2,848,911	822,539	346.36%	48.10%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 92,856	\$ 92,856	\$ -	\$798,905	11.62%
2016	101,768	101,768	-	827,170	12.30%
2017	103,478	103,478	-	766,200	13.51%
2018	113,376	113,376	-	822,539	13.78%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - TPAF**  
**Last 10 Fiscal Years\***

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.3249568860%	\$ -	\$ 1,736,788	\$ 3,082,348	0.00%	33.64%
2016	0.0312148670%	-	19,729,129	3,271,256	0.00%	28.71%
2017	0.0274073223%	-	21,560,345	3,258,734	0.00%	22.33%
2018	0.0303136088%	-	20,438,528	3,422,549	0.00%	25.41%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2018**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.





**OTHER SUPPLEMENTARY INFORMATION**

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Parent Training & Recruiting	Title IV Safe & Drug Free Schools	Total 2018
<b>REVENUES:</b>					
Federal sources	174,596.00	60,328.00	23,221.00	10,000.00	268,145.00
State sources	102,154.98	-	-	-	102,154.98
Local sources	33,568.28	-	-	-	33,568.28
<b>Total Revenues</b>	<b>310,319.26</b>	<b>60,328.00</b>	<b>23,221.00</b>	<b>10,000.00</b>	<b>403,868.26</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	-	40,328.00	-	1,000.00	41,328.00
Instruction Purchased Services	57,048.98	-	-	-	57,048.98
Other Purchased Services	51,914.00	-	-	-	51,914.00
General supplies	33,568.28	-	-	2,300.00	35,868.28
Textbooks	9,367.00	-	-	-	9,367.00
<b>Total instruction</b>	<b>151,898.26</b>	<b>40,328.00</b>	<b>-</b>	<b>3,300.00</b>	<b>195,526.26</b>
Support Services:					
Purchased prof. - & Tech. Services	145,596.00	5,000.00	23,221.00	-	173,817.00
Supplies and Materials	12,825.00	-	-	6,700.00	19,525.00
<b>Total support services</b>	<b>158,421.00</b>	<b>5,000.00</b>	<b>23,221.00</b>	<b>6,700.00</b>	<b>193,342.00</b>
Facilities acquisition and construction services:					
Instructional equipment	-	15,000.00	-	-	15,000.00
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>15,000.00</b>	<b>-</b>	<b>-</b>	<b>15,000.00</b>
<b>Total Expenditures</b>	<b>310,319.26</b>	<b>60,328.00</b>	<b>23,221.00</b>	<b>10,000.00</b>	<b>403,868.26</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Brought Forward From (Ex. E-1b)	I.D.E.A.			Total Carried Forward To (Ex. E-1)
		Basic	Basic Carryover	Preschool Carryover	
<b>REVENUES:</b>					
Federal sources	-	165,760.00	258.00	871.00	174,596.00
State sources	102,154.98				102,154.98
Local sources	33,568.28				33,568.28
<b>Total Revenues</b>	<b>135,723.26</b>	<b>165,760.00</b>	<b>258.00</b>	<b>871.00</b>	<b>310,319.26</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries	-				-
Instruction Purchased Services	57,048.98				57,048.98
Other Purchased Services	-	51,656.00	258.00		51,914.00
General supplies	33,568.28				33,568.28
Textbooks	9,367.00				9,367.00
<b>Total Instruction</b>	<b>99,984.26</b>	<b>51,656.00</b>	<b>258.00</b>	<b>-</b>	<b>151,898.26</b>
<b>Support Services:</b>					
Purchased prof. - & Tech. Services	22,914.00	114,104.00		7,707.00	145,596.00
Supplies and Materials	12,825.00				12,825.00
<b>Total support services</b>	<b>35,739.00</b>	<b>114,104.00</b>	<b>-</b>	<b>7,707.00</b>	<b>158,421.00</b>
<b>Facilities acquisition and construction services:</b>					
Instructional equipment	-				-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>135,723.26</b>	<b>165,760.00</b>	<b>258.00</b>	<b>7,707.00</b>	<b>310,319.26</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Brought Forward From (Ex. E-1c)	Non-Public			Technology	Non Public Auxiliary Services Chapter 192 Comp. Ed.	Total Carried Forward To (Ex. E-1a)
		Security Aid	Nursing	Textbook			
<b>REVENUES:</b>							
Federal sources	-						-
State sources	31,095.04	12,825.00	16,587.00	9,367.00	6,327.00	25,953.94	102,154.98
Local sources	33,568.28						33,568.28
<b>Total Revenues</b>	<b>64,663.32</b>	<b>12,825.00</b>	<b>16,587.00</b>	<b>9,367.00</b>	<b>6,327.00</b>	<b>25,953.94</b>	<b>135,723.26</b>
<b>EXPENDITURES:</b>							
Instruction:							
Personal Services - Salaries	-						-
Instruction Purchased Services	31,095.04					25,953.94	57,048.98
Other Purchased Services	-						-
General supplies	33,568.28			9,367.00			33,568.28
Textbooks							9,367.00
<b>Total Instruction</b>	<b>64,663.32</b>	<b>-</b>	<b>-</b>	<b>9,367.00</b>	<b>-</b>	<b>25,953.94</b>	<b>99,984.26</b>
Support Services:							
Purchased prof. - & Tech. Services	-	16,587.00			6,327.00		22,914.00
Supplies and Materials	-	12,825.00					12,825.00
<b>Total support services</b>	<b>-</b>	<b>12,825.00</b>	<b>16,587.00</b>	<b>-</b>	<b>6,327.00</b>	<b>-</b>	<b>35,739.00</b>
Facilities acquisition and construction services:							
Instructional equipment	-						-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>64,663.32</b>	<b>12,825.00</b>	<b>16,587.00</b>	<b>9,367.00</b>	<b>6,327.00</b>	<b>25,953.94</b>	<b>135,723.26</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Non Public Handicapped Services				Rockaway Education Foundation	N.J. School Insurance Group	Total Carried Forward To (Ex. E-1b)
	Examination & Classification	Chapter 193 Corrective Speech	Supplemental Instruction				
<b>REVENUES:</b>							
Federal sources							-
State sources	12,373.76	8,570.88	10,150.40	27,868.28	5,700.00		31,095.04
Local sources							33,568.28
<b>Total Revenues</b>	<b>12,373.76</b>	<b>8,570.88</b>	<b>10,150.40</b>	<b>27,868.28</b>	<b>5,700.00</b>		<b>64,663.32</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries							-
Instruction Purchased Services	12,373.76	8,570.88	10,150.40				31,095.04
Other Purchased Services							-
General supplies				27,868.28	5,700.00		33,568.28
Textbooks							-
<b>Total Instruction</b>	<b>12,373.76</b>	<b>8,570.88</b>	<b>10,150.40</b>	<b>27,868.28</b>	<b>5,700.00</b>		<b>64,663.32</b>
Support Services:							
Purchased prof. - & Tech. Services							-
Supplies and Materials							-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Facilities acquisition and construction services:							
Instructional equipment							-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total Expenditures</b>	<b>12,373.76</b>	<b>8,570.88</b>	<b>10,150.40</b>	<b>27,868.28</b>	<b>5,700.00</b>		<b>64,663.32</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	<u>Business-type Activities Enterprise Fund</u> <u>Food Service Program</u>
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	29,163.37
Accounts receivable:	
State - Lunch	229.42
Federal - Lunch	5,496.16
Interfund Receivbles	34,661.09
Inventories	1,887.16
	71,437.20
Total current assets	71,437.20
NONCURRENT ASSETS:	
CAPITAL ASSETS:	
Equipment	149,954.00
Less: accumulated depreciation	(139,695.69)
	10,258.31
Total Capital Assets (Net of Accumulated Depreciation)	10,258.31
<b>TOTAL ASSETS</b>	<b>81,695.51</b>
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Accounts payable	3,506.66
Unearned Revenue:	
Prepaid Sales	4,211.14
	7,717.80
<b>TOTAL LIABILITIES</b>	<b>7,717.80</b>
<u>NET POSITION</u>	
Investment in Capital Assets Net of Related Debt	10,258.31
Unreserved (Deficit)	63,719.40
	73,977.71
<b>TOTAL NET POSITION</b>	<b>73,977.71</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-type Activities Enterprise Fund Food Service Program</u>
<b>OPERATING REVENUES:</b>	
Charges for services:	
Daily sales reimbursable programs	90,222.37
Daily Sales - non-reimbursable programs	38,265.00
Miscellaneous	1,402.64
	129,890.01
<b>OPERATING EXPENSES:</b>	
Salaries	60,237.85
Cost of sales- reimbursable	79,100.86
Cost of sales- non- reimbursable	12,515.00
Employee benefits	4,021.65
Supplies and materials	4,606.53
Depreciation	597.93
Payroll Taxes	8,922.99
Management Fees	11,804.15
Repairs	770.00
Insurance	8,836.92
Miscellaneous	4,306.12
	195,720.00
Total operating revenues	129,890.01
Total operating expenses	195,720.00
<b>OPERATING INCOME (LOSS)</b>	<b>(65,829.99)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
State sources:	
State school lunch program	2,517.68
Federal sources:	
National school lunch program	61,727.99
Breakfast program	1,304.58
Milk Program	39.12
Food distribution program	13,998.96
	79,588.33
Total non-operating revenues (expenses)	79,588.33
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>13,758.34</b>
Total Net Position - Balance, beginning of year	60,219.37
Net Position - End of Year	73,977.71

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-type Activities Enterprise Fund Food Service Program</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	135,457.78
Payments to employees for services	(60,237.85)
Payments to suppliers for goods and services	<u>(135,375.23)</u>
Net cash provided by (used for) operating activities	<u>(60,155.30)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	2,700.92
Federal Sources	<u>83,540.57</u>
Net cash provided by (used for) non-capital financing activities	<u>86,241.49</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,086.19</b>
<b>CASH AND CASH EQUIVALENTS, July 1</b>	<b><u>3,077.18</u></b>
<b>CASH AND CASH EQUIVALENTS, June 30</b>	<b><u><u>29,163.37</u></u></b>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>	
Operating Income (Loss)	(65,829.99)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:	
Depreciation	597.93
Changes in assets and liabilities:	
(Increase)/decrease in interfunds receivable	1,356.63
(Increase)/decrease in inventory	(642.84)
Increase/(decrease) in accounts payable	151.83
Increase/(decrease) in prepaid sales	<u>4,211.14</u>
Total adjustments	<u>5,674.69</u>
Net cash provided by (used for) operating activities	<u><u>(60,155.30)</u></u>



**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

	Private Purpose Scholarship Fund	Unemployment Compensation Insurance	Agency Fund
ASSETS:			
Cash and cash equivalents	\$ 4,373.39	\$ 102,241.65	\$ 80,458.90
Interfund Receivable -General Fund			3,396.73
<b>TOTAL ASSETS</b>	<u>4,373.39</u>	<u>102,241.65</u>	<u>83,855.63</u>

LIABILITIES:			
Payroll deductions and withholdings	-	-	33,034.95
Net Payroll and Wages	-	-	874.82
Flexible Spending Reserve	-	-	356.26
Payable to student groups	-	-	49,589.60
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 83,855.63</u>

NET POSITION:			
Reserved for unemployment claims	-	\$ 102,241.65	
Reserved for Scholarships	<u>\$ 4,373.39</u>		

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Private Purpose Scholarship Fund	Unemployment Compensation Insurance Trust
<b>ADDITIONS</b>		
Contributions:		
Plan Member		10,776.32
Total Contributions	-	10,776.32
Investment Earnings:		
Interest	16.46	109.16
Net Investment Earnings	16.46	109.16
Total Additions	16.46	10,885.48
<b>DEDUCTIONS</b>		
Scholarships	50.00	-
Unemployment compensation assessments	-	8,986.89
Total deductions	50.00	8,986.89
<b>CHANGE IN NET POSITION</b>	<b>(33.54)</b>	<b>1,898.59</b>
<b>NET POSITION, July 1</b>	<b>4,406.93</b>	<b>100,343.06</b>
<b>NET POSITION, June 30</b>	<b>4,373.39</b>	<b>102,241.65</b>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Elementary School:				-
Lincoln	9,745.30	5,511.75	8,174.80	7,082.25
Middle School:				
Jefferson	22,573.01	48,372.85	35,593.81	35,352.05
Hall of Fame Committee	140.79	-	-	140.79
DC Trip Account	5,511.73	52,437.76	51,781.84	6,167.65
Athletic Fund				
Referees	506.86	5,150.00	4,810.00	846.86
Total all schools	<u>38,477.69</u>	<u>111,472.36</u>	<u>100,360.45</u>	<u>49,589.60</u>

**BOROUGH OF ROCKAWAY BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash	59,187.24	9,408,427.23	9,437,101.43	30,513.04
Interfund Receivable - General Fund		3,396.73		3,396.73
<b>TOTAL ASSETS</b>	<u>59,187.24</u>	<u>9,411,823.96</u>	<u>9,437,101.43</u>	<u>33,909.77</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	66,252.28	5,884,754.30	5,917,971.63	33,034.95
Net Salaries and Wages	(7,065.04)	3,527,069.66	3,519,129.80	874.82
<b>TOTAL LIABILITIES</b>	<u>59,187.24</u>	<u>9,411,823.96</u>	<u>9,437,101.43</u>	<u>33,909.77</u>

## **STATISTICAL SECTION**

## OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

### **Financial Trends Information/Schedules**

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances-Governmental Funds
J-4	Changes in Fund Balances, Governmental Funds
J-5	General Fund Other Local Revenue by Source

### **Revenue Capacity Information**

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

### **Debt Capacity Information**

J-10	Ratios or Outstanding Debt by Type
J-11	Ratios of General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt
J-13	Legal Debt Margin Information

### **Demographic and Economic Information**

J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

### **Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Net Position\* by Component**  
*Last Ten Fiscal Years*  
*(accrual basis of accounting)*  
**UNAUDITED**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	706,241.30	693,657.67	753,732.26	813,615.30	892,110.26	709,918.56	1,250,540.77	1,230,651.48	1,218,157.17	1,216,989.36
Restricted	182,483.10	239,613.87	409,154.57	633,452.71	1,019,727.36	1,529,011.64	922,766.18	1,001,866.60	1,224,510.44	1,578,865.93
Unrestricted	(126,423.32)	(61,292.10)	25,863.52	23,420.73	70,588.65	(2,108,535.56)	(2,080,215.56)	(2,273,056.92)	(2,491,004.76)	(2,618,215.20)
<b>Total governmental activities net position</b>	<b>762,301.08</b>	<b>871,979.44</b>	<b>1,188,750.35</b>	<b>1,470,488.74</b>	<b>1,962,426.27</b>	<b>130,394.64</b>	<b>93,091.39</b>	<b>(40,538.84)</b>	<b>(48,337.15)</b>	<b>177,640.09</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	18,980.85	14,886.45	25,049.77	22,955.08	19,286.71	9,144.29	8,072.10	10,979.91	10,856.24	10,258.31
Unrestricted	37,004.66	43,779.07	41,216.76	51,557.84	55,350.65	27,033.03	30,654.37	32,736.64	49,363.13	63,719.40
<b>Total business-type activities net position</b>	<b>55,985.51</b>	<b>58,665.52</b>	<b>66,266.53</b>	<b>74,512.92</b>	<b>74,637.36</b>	<b>36,177.32</b>	<b>38,726.47</b>	<b>43,716.55</b>	<b>60,219.37</b>	<b>73,977.71</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	725,222.15	708,544.12	778,782.03	836,570.38	911,396.97	719,062.85	1,258,612.87	1,241,631.39	1,229,013.41	1,227,247.67
Restricted	182,483.10	239,613.87	409,154.57	633,452.71	1,019,727.36	1,529,011.64	922,766.18	1,001,866.60	1,224,510.44	1,578,865.93
Unrestricted	(89,418.66)	(17,513.03)	67,080.28	74,978.57	125,939.30	(2,081,502.55)	(2,049,561.19)	(2,240,320.28)	(2,441,641.63)	(2,554,495.80)
<b>Total district net position</b>	<b>818,286.59</b>	<b>930,644.96</b>	<b>1,255,016.88</b>	<b>1,545,001.66</b>	<b>2,057,063.63</b>	<b>166,571.96</b>	<b>131,817.86</b>	<b>3,177.71</b>	<b>11,882.22</b>	<b>251,617.80</b>

Source: CAFR Schedule A-1

\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
Changes in Net Position - Last Ten Fiscal Years  
Last Ten Fiscal Years  
(accrual basis of accounting)

UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	3,818,829.77	3,852,807.63	3,483,972.08	3,209,517.92	2,873,749.02	2,759,567.23	3,513,154.36	3,638,230.80	4,108,295.29	4,250,364.83
Special education	977,540.13	874,001.80	927,438.78	1,054,608.10	1,002,707.68	1,105,807.37	1,623,662.08	1,619,006.42	1,719,317.30	1,819,230.82
School Sponsors/ other instructional	238,177.87	316,847.35	248,439.41	444,793.23	491,130.68	370,811.60	503,553.57	508,812.84	613,014.81	599,297.29
Support Services:										
Tuition	209,958.53	260,392.34	282,882.90	294,875.51	366,305.31	471,744.14	382,456.62	468,985.41	218,548.02	321,941.90
Student & instruction related services	1,035,638.30	1,175,187.58	1,220,471.11	1,507,274.91	1,648,142.94	1,696,191.15	1,977,832.98	2,040,760.01	2,314,460.11	2,415,433.56
School administrative services	572,626.62	616,468.83	580,346.92	507,355.71	556,776.40	513,381.92	552,629.80	584,089.13	646,645.39	488,637.43
General and business administrative services	574,824.26	468,191.27	387,925.73	449,241.11	441,782.60	557,155.45	591,642.52	718,366.16	759,833.51	629,021.59
Central Services and Admin. Info. Tech.										
Plant operations and maintenance	715,217.91	631,913.35	778,973.77	810,556.98	770,802.53	786,349.60	1,014,603.02	946,075.06	956,154.55	1,071,026.86
Pupil transportation	106,487.93	140,919.46	162,539.56	171,899.40	192,136.29	207,009.91	366,176.18	315,166.93	318,559.84	232,821.50
Charter Schools										
Capital Outlay - Non-depreciable										
Debt service assessment			2,828.00	1,644.00	2,257.00	3,480.00	3,480.00	3,480.00	14,850.00	18,480.00
Fixed asset adjustments										
Total governmental activities expenses	8,249,301.32	8,336,729.61	8,075,818.26	8,451,766.87	8,345,790.45	8,741,351.60	10,529,191.03	10,843,072.76	11,673,258.62	12,249,461.58
Business-type activities:										
Food service	167,298.97	170,572.94	164,744.50	170,036.83	165,230.84	179,187.98	189,962.08	196,378.78	194,815.78	195,720.00
Total business-type activities expense	167,298.97	170,572.94	164,744.50	170,036.83	165,230.84	179,187.98	189,962.08	196,378.78	194,815.78	195,720.00
Total district expenses	8,416,600.29	8,507,302.55	8,240,562.76	8,621,803.70	8,511,021.29	8,920,539.58	10,719,153.11	11,039,451.54	11,868,074.40	12,445,181.58
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)				123,532.30	82,544.36	122,876.90	159,165.17	81,128.00	201,657.71	655,166.39
Operating grants and contributions	1,544,023.55	1,769,469.63	1,334,098.86	1,515,319.32	1,530,557.62	1,510,791.85	2,639,308.85	2,695,638.00	3,053,946.74	
Capital Grants and Contributions										
Total governmental activities program revenues	1,544,023.55	1,769,469.63	1,334,098.86	1,638,851.62	1,613,101.98	1,633,668.75	2,798,474.02	2,776,766.00	3,255,604.45	655,166.39



**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Changes in Net Position\*, Last Ten Fiscal Years**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
**UNAUDITED**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-type activities:</b>										
Charges for services										
Food services	123,405.66	111,458.68	110,098.89	109,199.70	99,395.40	89,599.35	113,833.54	119,944.93	128,826.80	129,890.01
Operating grants and contributions	52,822.51	61,746.71	62,208.18	69,048.43	65,912.78	67,943.83	78,677.45	81,423.93	85,733.70	79,568.33
Capital grants and contributions						(16,842.28)				
Total business-type activities program revenues	176,228.17	173,205.39	172,307.07	178,248.13	165,308.18	140,700.90	192,510.99	201,368.86	214,560.50	209,478.34
Total district program revenues	1,720,251.72	1,942,675.02	1,506,405.93	1,817,099.75	1,778,410.16	1,774,369.65	2,990,985.01	2,378,134.86	3,470,164.95	864,644.73
<b>Net (Expense)/Revenue</b>										
Governmental activities	(6,705,277.77)	(6,567,259.98)	(6,741,719.40)	(6,812,915.25)	(6,732,688.47)	(7,107,682.85)	(7,730,717.01)	(8,066,306.76)	(8,417,654.17)	(11,594,295.19)
Business-type activities	8,929.20	2,632.45	7,562.57	8,211.30	77.34	(38,487.08)	2,548.91	4,990.08	19,744.72	13,758.34
Total district-wide net expense	(6,696,348.57)	(6,564,627.53)	(6,734,156.83)	(6,804,703.95)	(6,732,611.13)	(7,146,169.93)	(7,728,168.10)	(8,061,316.68)	(8,397,909.45)	(11,580,536.85)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	6,444,711.00	6,444,711.00	6,766,947.00	6,989,235.00	7,160,316.00	7,347,916.00	7,499,347.00	7,700,021.00	7,900,691.00	8,106,108.00
Federal and state aid not restricted	174,560.92	190,829.92	195,376.50	75,946.56	64,943.55	101,271.00	168,240.10	131,503.25	455,978.68	3,649,202.66
Tuition	76,318.68	58,468.83	57,808.32							
Investment earnings	8,774.04	1,869.05	1,225.97	384.95	732.88	419.47	3,258.11	3,411.52	4,285.90	
Miscellaneous income	75,663.27	28,484.74	37,132.52	29,087.13	18,633.57	8,956.75	24,002.54	13,110.80	48,900.28	64,961.77
Special item- Accounts payable cancelled							(1,433.98)	964.71		
Special item- Prior year adj.	(93,414.03)	(47,425.20)								
Transfers										
Total governmental activities	6,686,613.88	6,676,838.34	7,058,490.31	7,094,653.64	7,244,626.00	7,458,663.22	7,693,413.77	7,849,011.28	8,409,855.86	11,820,272.43
Business-type activities:										
Investment earnings	106.77	47.56	38.44	35.09	47.10	27.04	0.24		(3,241.90)	
Special item- Accounts receivable canceled										
Transfers										
Total business-type activities	106.77	47.56	38.44	35.09	47.10	27.04	0.24		(3,241.90)	
Total district-wide	6,886,720.65	6,876,985.90	7,058,528.75	7,094,688.73	7,244,673.10	7,458,690.26	7,693,414.01	7,849,011.28	8,406,613.96	11,820,272.43
<b>Change in Net Position</b>										
Governmental activities	(18,663.89)	109,678.36	316,770.91	281,738.39	511,937.53	350,880.37	(37,303.24)	(217,295.48)	(7,798.31)	225,977.24
Business-type activities	9,035.97	2,680.01	7,601.01	8,246.39	124.44	(38,460.04)	2,549.15	4,990.08	16,502.82	13,758.34
Total district	(9,627.92)	112,358.37	324,371.92	289,984.78	512,061.97	312,420.33	(34,754.09)	(212,305.40)	(8,704.51)	239,735.58

Source: CAFR Schedule A-2

\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**

**Fund Balances, Governmental Funds,**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**UNAUDITED**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	182,483.10	239,613.87	409,154.57	633,452.71	1,019,727.36	1,529,011.64	1,006,437.44	1,001,866.60	1,224,510.44	1,578,865.93
Unreserved	201,908.97	217,199.00	303,562.00	286,895.00	245,404.00	212,297.00	216,941.00	211,396.00	216,321.00	192,415.00
<b>Total general fund</b>	<b>384,392.07</b>	<b>456,812.87</b>	<b>712,716.57</b>	<b>920,347.71</b>	<b>1,265,131.36</b>	<b>1,741,308.64</b>	<b>1,223,378.44</b>	<b>1,213,262.60</b>	<b>1,440,831.44</b>	<b>1,771,280.93</b>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
<b>Total all other governmental funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: CAFR Schedule B-1

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**UNAUDITED**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	6,444,711.00	6,444,711.00	6,766,947.00	6,989,235.00	7,160,316.00	7,347,916.00	7,499,347.00	7,700,021.00	7,900,691.00	8,106,108.00
Tuition charges	76,318.68	58,468.83	57,808.32	123,532.30	82,544.36	122,876.90	159,165.17	81,128.00	201,657.71	253,565.33
Interest earnings	8,774.04	1,869.05	1,225.97	384.95	732.88	419.47	3,258.11	3,411.52	4,285.90	4,965.05
Miscellaneous	77,870.99	28,484.74	37,132.52	29,087.13	18,633.57	8,966.75	24,002.54	13,110.80	48,900.28	98,530.05
State sources	1,433,084.10	1,456,408.53	1,154,630.90	1,276,616.18	1,383,118.07	1,287,022.58	1,505,311.25	1,463,953.74	1,585,783.98	1,852,174.64
Federal sources	283,292.65	503,891.02	374,944.46	314,649.70	212,383.10	325,040.27	257,391.96	158,546.50	324,181.44	265,877.80
Total revenue	8,324,051.46	8,493,833.17	8,392,589.17	8,733,505.26	8,857,727.98	9,092,231.97	9,448,476.03	9,420,171.56	10,045,500.31	10,576,255.82
<b>Expenditures</b>										
Instruction										
Regular instruction	2,989,670.79	2,940,526.25	2,555,444.36	2,373,047.89	2,092,849.17	2,111,235.40	2,381,963.23	2,354,325.80	2,499,185.13	2,552,070.33
Special education instruction	729,062.82	747,427.17	758,941.34	724,277.41	738,631.47	890,193.70	1,091,443.28	1,020,169.65	1,146,634.23	975,299.44
School sponsored/other instructional	231,418.47	237,930.76	179,711.86	348,329.91	347,934.95	280,502.09	326,547.43	311,331.52	331,943.53	373,766.78
Support Services:										
Tuition	209,958.53	260,392.34	282,882.90	294,875.51	366,305.31	471,744.14	382,456.52	468,985.41	218,548.02	321,941.90
Student & instruction related services	843,928.64	934,469.02	997,571.25	1,281,407.32	1,312,414.40	1,347,199.11	1,466,472.02	1,428,625.35	1,514,459.17	1,578,602.55
School Administrative services	467,225.85	507,245.21	451,302.66	429,787.79	446,432.18	419,702.06	428,322.39	439,350.31	467,101.86	257,851.62
General and business administrative services	456,628.38	349,505.65	270,386.15	312,465.44	319,399.77	392,482.87	351,027.07	451,599.38	415,923.22	207,957.45
Central Services										
Plant operations and maintenance	625,680.18	598,267.74	672,950.52	683,678.91	636,825.12	654,839.07	789,564.49	693,936.05	682,800.25	745,963.30
Pupil transportation	97,298.25	125,648.66	139,937.47	148,681.50	169,380.38	182,338.41	306,068.66	251,547.66	249,815.12	225,170.17
Employee Benefits	1,494,906.14	1,617,724.81	1,697,221.18	1,811,013.42	1,975,387.45	1,737,432.96	1,860,689.01	1,991,767.15	2,229,320.44	2,461,546.92
Charter Schools										
Capital outlay	301,891.52	54,849.56	127,507.78	196,775.02	105,127.13	124,904.88	578,366.13	16,143.83	33,870.50	63,677.00
Capital outlay- Debt service assessment			2,828.00	1,644.00	2,257.00	3,480.00	3,480.00	3,480.00	3,480.00	
Total expenditures	8,457,669.57	8,373,987.17	8,136,665.47	8,605,884.12	8,512,944.33	8,616,054.69	9,966,406.23	9,431,252.11	9,817,931.47	10,245,806.33
Excess (Deficiency) of revenues over (under) expenditures	(133,618.11)	119,846.00	255,903.70	127,621.14	344,783.65	476,177.28	(517,930.20)	(11,080.55)	227,568.84	330,449.49
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	96,548.00	(47,425.20)	80,010.00							
Reallocation of Prior Year Expenses										
Bond proceeds										
Transfers in										
Transfers out										
Accounts Payable Canceled								964.71		
Total other financing sources (uses)	96,548.00	(47,425.20)	80,010.00					964.71		
Net change in fund balances	(37,070.11)	72,420.80	255,903.70	207,631.14	344,783.65	476,177.28	(517,930.20)	(10,115.84)	227,568.84	330,449.49
Debt service as a percentage of noncapital expenditures	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay. Central Services and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**UNAUDITED**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Other	Misc. Refunds	Total
2009	8,774	76,319	50,087	25,576	160,756
2010	1,869	58,469	3,867	12,593	76,798
2011	1,226	57,808	2,715	21,046	82,795
2012	385	123,532	8,557		132,474
2013	733	82,544	10,671		93,948
2014	419	122,877	4,588		127,884
2015	3,258	159,165		11,390	173,813
2016	3,412	81,128	2,847	6,181	93,568
2017	4,286	201,658	11,678	9,416	227,038
2018		253,565	64,962		318,527

Source: District Records

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2008	10,291,900	563,247,300		143,341,900	31,007,900	22,292,400	770,181,400		770,181,400	0.590	940,966,900
2009	9,275,600	564,835,000		146,893,000	31,420,600	22,292,400	774,716,600		774,716,600	0.613	822,518,898
2010	7,687,300	566,098,500		148,645,600	31,245,600	22,292,400	775,969,400		775,969,400	0.619	938,179,459
2011	7,576,300	566,923,205		152,356,300	31,661,525	22,292,400	780,809,730		780,809,730	0.629	939,494,450
2012	7,284,700	566,700,805		152,530,825	31,245,600	22,292,400	780,054,330	1,257,313	781,311,643	0.647	900,041,551
2013	7,157,400	565,491,935		152,570,425	31,252,600	22,292,400	778,764,760	1,257,313	780,022,073	0.640	842,720,476
2014	7,097,400	564,385,430		152,962,525	31,102,600	22,292,400	777,840,355	1,257,313	779,097,668	0.697	859,172,549
2015	7,207,500	564,302,030		153,387,425	31,102,600	22,292,400	778,291,955	1,257,313	779,549,268	0.751	842,984,783
2016	6,698,100	565,692,330		153,560,925	31,102,600	22,816,100	779,870,055		779,870,055	1.000	897,743,910
2017	6,308,400	567,433,330	1,700	153,269,525	29,990,700	22,816,100	779,819,755	92	779,819,847	1.032	842,775,143

Source: Morris County, Abstract of Rates and 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 County Board of Taxation requests Treasury to order a reassessment.

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

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

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*  
**Unaudited**

Fiscal Year Ended June 30,	Rockaway Borough Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Rockaway	Regional School District	Morris County	
2008	0.590		0.590	0.545	0.830	0.288	2.253
2009	0.613		0.613	0.585	0.832	0.275	2.305
2010	0.619		0.619	0.611	0.846	0.281	2.357
2011	0.629		0.629	0.629	0.879	0.284	2.421
2012	0.647		0.647	0.621	0.916	0.276	2.460
2013	0.640		0.640	0.720	0.930	0.280	2.570
2014	0.697		0.697	0.769	0.952	0.285	2.703
2015	0.751		0.751	0.799	0.980	0.274	2.804
2016	1.000		1.000	0.810	0.760	0.280	2.850
2017	1.032		1.032	0.824	0.789	0.303	2.948

Source: District Records and Municipal Tax Collector

**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 pre-budget 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.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**

**Principal Property Tax Payers,**

**Current Year and Nine Years Ago**

**Unaudited**

Taxpayer	2018			2009		
	Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 12,500,000	1	1.60%	\$ 12,278,828	1	1.59%
Conn. Storage Dept PT NJ 23608	6,704,000	2	0.86%			
Highway Enterprise Inc	6,400,000	3	0.82%	6,625,000	4	0.86%
HS Gardens LLC	4,983,000	4	0.64%	8,002,000	3	1.03%
Withinvestors Rockaway LLC	4,640,000	5	0.60%			
E & W Realty Associates LLC	4,450,500	6	0.57%			
Mc Williams Forge Company	4,260,500	7	0.55%			
Mc Williams Development Corp	4,060,600	8	0.52%	10,319,500	2	1.33%
Moretrench Corp	4,042,400	9	0.52%	4,042,400	7	0.52%
Roned Realty, L.P.	4,000,000	10	0.51%			
Fortunato, Robert				4,413,400	5	0.57%
Gustav Hollenstein, Inc.				4,249,200	6	0.55%
Wespas Associates				3,100,000	8	0.40%
Kop-Coat Inc.				2,976,800	9	0.38%
Won and Kyong				2,329,800	10	0.30%
<b>Total</b>	<b>\$ 56,041,000</b>		<b>5.58%</b>	<b>\$ 58,336,928</b>		<b>7.53%</b>

Source: Municipal Tax Assessor's Office.

**ROCKAWAY BOROUGH 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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	6,444,711	6,444,711	100.00%	-
2010	6,444,711	6,444,711	100.00%	-
2011	6,766,947	6,766,947	100.00%	-
2012	6,989,235	6,989,235	100.00%	-
2013	7,160,316	7,160,316	100.00%	-
2014	7,347,916	7,347,916	100.00%	-
2015	7,499,347	7,499,347	100.00%	-
2016	7,700,021	7,700,021	100.00%	-
2017	7,900,691	7,900,691	100.00%	-
2018	8,106,108	8,106,108	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

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



**ROCKAWAY BOROUGH 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases				
2009	-	83,148		83,148	0.0187%	13.34
2010	-	55,541		55,541	0.0116%	8.64
2011	-	27,934		27,934	0.0056%	4.33
2012	-	69,786		69,786	0.0135%	10.78
2013	-	32,654		32,654	0.0062%	5.04
2014	-	20,387		20,387	0.0038%	3.15
2015	-	10,332		10,332	0.0018%	1.60
2016	-	-		-	0.0000%	-
2017	-	-		-	NA	-
2018	-	-		-	NA	NA

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

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

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2009			-		
2010			-		
2011			-		
2012			-		
2013			<b>NO APPLICABLE</b>		
2014			-		
2015			-		
2016			-		
2017			-		
2018			-		

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Rockaway	7,248,647	100.000%	7,248,647
<b>Other debt</b>			
Morris County	217,187,521	0.970%	2,106,719
Rockaway Valley Regional Sewerage Authority	8,068,216	2.089%	168,545
Subtotal, overlapping debt			9,355,366
<b>Borough of Rockaway School District Direct Debt</b>			-
<b>Total direct and overlapping debt</b>			<u>\$ 9,355,366</u>

**Sources:** Borough of Rockaway Finance Officer, Morris County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Rockaway. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

(1) Debt information as of December 31, 2017.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
Legal Debt Margin Information,  
Last Ten Fiscal Years  
Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2018**

Equalized valuation basis	
2015	831,952,918
2016	897,743,818
2017	842,775,051
	<u>2,572,471,787</u>
Average equalized valuation of taxable property	\$ 857,490,596
Debt limit (4 % of average equalization value)	34,299,624
Net bonded school debt as of June 30, 2017	<u>34,299,624</u>
Legal debt margin	<u>-</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 27,195,867	\$ 27,917,017	\$ 27,725,137	\$ 27,449,351	\$ 26,495,110	\$ 25,922,860	\$ 34,340,134	\$ 25,324,858	\$ 25,714,242	34,299,624
Total net debt applicable to limit	<u>27,195,867</u>	<u>27,917,017</u>	<u>27,725,137</u>	<u>27,449,351</u>	<u>26,495,110</u>	<u>25,922,860</u>	<u>34,340,134</u>	<u>25,324,858</u>	<u>25,714,242</u>	<u>34,299,624</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

Year Ended June 30	School District Population <sup>a</sup>	Personal Income in (thousands of dollars) <sup>b</sup>	Per Capita Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	6,233	462,550,930	74,210	6.30%
2009	6,231	444,650,391	71,361	10.70%
2010	6,432	478,926,720	74,460	7.00%
2011	6,458	498,602,806	77,207	10.50%
2012	6,473	518,014,771	80,027	10.90%
2013	6,480	524,024,640	80,868	7.40%
2014	6,465	541,036,455	83,687	4.80%
2015	6,467	568,423,432	87,896	4.20%
2016	6,484	577,497,460	89,065	4.10%
2017	6,474	Not Available	Not Available	3.50%

**Source:**

<sup>a</sup> U.S. Bureau of the Census, Population Division, (Estimates July 1, 2008-2017)

<sup>b</sup> Personal income of the District is Based on the County Information.

<sup>c</sup> U.S. Department of Commerce, County Information 2007-2016.

<sup>d</sup> N.J. Department of Labor.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Principal Employers,**  
**Current Year and Nine Years Ago**

	2018		2009	
	Employees	Rank (Optional)	Percentage of Total Employment	Employees
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)

No data is available to complete this schedule.

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**  
Unaudited

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	37	35	31	34	33	30	34	40	40	42.0
Special education	31	31	9	13	13	10	22	12	8	10
Other Instruction						4	5	3	2	2
Support Services:										
Student & instruction related services	10	10	17	15	8	27	20	29	25	30
General administrative services	2	2	2	2	2	3	3	3	3	3
School administrative services	5	3	4	2	3	2	3	2	2	2
Other administrative services	3	3	3	3	-	-	-	-	-	-
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	2	1	1	1	2	-	-	-	1	1
Plant operations and maintenance	6	5	9	9	8	9	9	7	7	7
Pupil transportation	2	2	2	2	1	1	3	3	3	3
Other support services				1	1	-	-	-	-	-
<b>Total</b>	<b>101</b>	<b>95</b>	<b>81</b>	<b>85</b>	<b>74</b>	<b>89</b>	<b>102</b>	<b>102</b>	<b>94</b>	<b>103.0</b>

**Source:** District Budget Records

**ROCKAWAY BOROUGH BOARD OF EDUCATION**

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008-2009	665.0	7,584,435.12	11,405	1.17%	53.00	20.0	31.0	661.8	621.0	0.73%	93.83%	
2009-2010	674.0	7,559,360.37	11,216	-1.66%	50.70	21.5	29.2	665.9	638.0	0.62%	95.81%	
2010-2011	674.0	7,375,236.67	10,942	-2.44%	48.10	22.3	25.8	671.0	637.0	0.77%	94.93%	
2011-2012	676.0	8,407,465.10	12,437	13.66%	50.90	21.5	29.4	674.0	655.0	0.45%	97.18%	
2012-2013	659.0	8,405,560.20	12,755	2.56%	54.00	22.3	29.8	672.7	629.1	-0.19%	93.52%	
2013-2014	626.0	8,487,670.00	13,559	6.30%	49.60	24.2	10.3	623.9	598.2	-7.25%	95.88%	
2014-2015	579.0	9,384,560.10	16,208	19.54%	46.10	16.5	13.6	579.2	534.9	-7.16%	92.35%	
2015-2016	565.0	9,411,628.28	16,658	2.77%	55.00	20.2	16.5	582.9	544.9	0.64%	93.49%	
2016-2017	587.0	9,780,580.97	16,662	0.03%	50.00	10.0	14.1	600.5	574.4	3.02%	95.65%	
2017-2018	574.0	10,182,129.33	17,739	6.46%	56.00	21.2	15.7	580.3	550.1	-3.36%	94.80%	

Sources: District Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff are reported as Full time equivalents of certificated staff & includes High School Staff shared with the Morris County School of Technology Academy for Law Public Safety.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary at June 30.



**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
School Building Information  
Last Ten Fiscal Years  
Unaudited

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary</u>										
Lincoln School (1912)										
Square Feet	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464	28,464
Capacity (students)	205	205	205	205	205	223	223	223	223	223
Enrollment	318	322	302	289	294	261	241	249	237	235
<u>Middle School</u>										
Thomas Jefferson School (1958)										
Square Feet	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620
Capacity (students)	305	305	315	315	315	378	378	378	378	378
Enrollment	353	352	372	367	365	365	338	334	364	339
<u>Other</u>										
Field House (1954)										
Square Feet	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Administration Building (1900)										
Square Feet	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832

Number of Schools at June 30, 2018

- Elementary = 1
- Middle School = 1
- High School = 0
- Other = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

\*GASB requires that ten years of statistical data be presented. However, since fiscal year 2005 was first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented

**ROCKAWAY BOROUGH BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**  
**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
 11-000-261-XXX  
 Unaudited

	Project # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
*School Facilities											
Thomas Jefferson Admin Bldg.	N/A	68,826	100,811	90,557	117,029	78,714	96,845	110,758	107,245	63,205	\$ 81,134
Lincoln School	N/A	115,128	67,327	60,479	103,556	89,157	64,679	73,970	71,627	75,170	87,731
Whitehouse	N/A	3,299	6,698	6,017	2,537	-	6,435	8,360	7,123	8,183	6,366
<b>Total School Facilities</b>		<u>187,253</u>	<u>174,836</u>	<u>157,053</u>	<u>223,122</u>	<u>167,871</u>	<u>167,959</u>	<u>193,088</u>	<u>185,995</u>	<u>146,558</u>	<u>175,231</u>

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

**ROCKAWAY BOROUGH BOARD OF EDUCATION  
INSURANCE SCHEDULE  
June 30, 2018  
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy- School Alliance Fund		
Property- Blanket Building and Contents	\$17,391,527.00	\$2,500.00
Boiler and Machinery	Unlimited	\$ 2,500
General Automobile Liability	5,000,000	
Commercial General Liability		
Each Occurance	5,000,000	
General Aggregate	5,000,000	
Excess Liability	5,000,000	
NJ School Board Insurance Group- Workers Compensation	 2,000,000	
Berkley Life and Health Insurance Company Student Accident Insurance	 1,000,000	
QBE Insurance Company Volunteer Accident Insurance	 100,000	
Surety Bonds		
Treasurer	200,000	N/A
Board Secretary/ Business Administrator	200,000	N/A
School Alliance Insurance Fund- School Board Legal Liability	 10,000,000	 5,000
NJUEP Excess Liability over GL, AL, SBL	 30,000,000	
Supplemental WC- NJSIG	7 day waiting period	

Source: District Records

**SINGLE AUDIT SECTION**

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S 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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Rockaway School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2019.

### *Internal Control Over Financial Reporting*

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

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

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

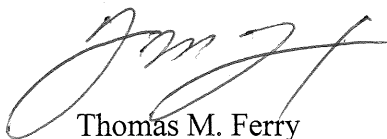
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Rockaway Board of Education'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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Rockaway School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated February 4, 2019.

***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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

February 4, 2019



# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08

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

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

We have audited the Board of Education of the Borough of Rockaway School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Rockaway Board of Education's major federal and state programs for the year ended June 30, 2018. The Borough of Rockaway Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Rockaway Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those statutes, the Uniform Guidance and N.J. OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Rockaway Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Borough of Rockaway Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

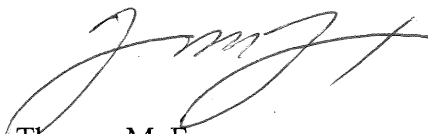
Management of the Borough of Rockaway Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Rockaway Board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



Thomas M. Ferry  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkatz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

February 4, 2019

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ending June 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Award Identification Number (FAIN)	Grant State Project Number	Award Amount	Grant Period From / To	June 30, 2017		Cash Received	Budgetary Expenditures	(Accounts Receivable)	June 30, 2018 Unearned Revenue	Due to Grantor	MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Unearned Revenue						
<b>Passed-through State Department of Education:</b>													
<b>General Fund:</b>													
U.S. Department of Health and Human Services:													
Medical Reimbursement	93.778	NJ16055MAP	N/A	3,041.41	7/1/17-6/31/18	-	-	3,041.41	-	-	-	3,041.41	-
Total General Fund				3,041.41				3,041.41				3,041.41	
<b>U.S. Department of Agriculture</b>													
<b>Passed - through State Department</b>													
<b>Enterprise Fund:</b>													
U.S.D.A. Commodities Program	10.550	NJN161613041099	N/A	13,998.96	7/1/16-6/30/17	-	-	14,179.71	(13,998.96)	-	349.37	-	13,998.96
National School Lunch Program	10.555	NJN161613041099	N/A	64,434.18	7/1/16-6/30/17	(11,784.20)	168.62	11,784.20	-	-	-	-	64,434.18
National School Lunch Program	10.555	NJN161613041099	N/A	61,727.99	7/1/17-6/30/18	(1.38)	-	56,349.68	(61,727.99)	(5,378.31)	-	-	61,727.99
Special Milk Program	10.556	171NJ304N1099	N/A	13.99	7/1/16-6/30/17	-	-	1.38	-	-	-	-	13.99
Special Milk Program	10.556	171NJ304N1099	N/A	39.12	7/1/17-6/30/18	(180.49)	-	39.12	(39.12)	-	-	-	39.12
School Breakfast Program	10.553	NJN161613041099	N/A	1,005.94	7/1/16-6/30/17	-	-	180.49	(1,304.58)	(117.85)	-	-	1,005.94
School Breakfast Program	10.553	NJN161613041099	N/A	1,304.58	7/1/17-6/30/18	(11,966.07)	168.62	1,186.73	(77,070.65)	(5,496.16)	349.37	-	1,304.58
Total Enterprise Fund				139,824.17				83,721.31	(88,873.70)	(6,932.31)	349.37	-	142,524.76
<b>U.S. Department of Education</b>													
<b>Passed - through State Department</b>													
<b>Special Revenue Fund:</b>													
Title I - Improving Basic Programs	84.010	S010A160030	NCLB4480-17	60,117.00	9/1/16-8/31/17	(10,000.00)	-	10,000.00	(60,328.00)	(49,518.00)	-	-	60,117.00
Title I - Improving Basic Programs	84.010	S010A160030	NCLB4480-18	60,328.00	9/1/17-8/31/18	(10,000.00)	-	20,810.00	(60,328.00)	(49,518.00)	-	-	60,328.00
													120,445.00
Title II - A -Teacher & Principal Training & Recruiting	84.367	S367A160029	NCLB4480-17	23,221.00	9/1/16-8/31/17	(16,663.00)	-	16,663.00	(23,221.00)	(23,221.00)	-	-	23,221.00
Title II - A -Teacher & Principal Training & Recruiting	84.367	S367A160029	NCLB4480-18	23,221.00	9/1/17-8/31/18	(16,663.00)	-	16,663.00	(23,221.00)	(23,221.00)	-	-	23,221.00
													45,542.00
Title IV - Safe and Drug-Free Schools	84.424	S424A170031	NCLB4480-18	10,000.00	9/1/17-8/31/18	-	-	5,620.00	(10,000.00)	(4,380.00)	-	-	10,000.00
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA4480-17	233,463.00	9/1/16-8/31/17	(26,735.00)	-	26,983.00	(258.00)	-	-	-	233,463.00
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA4480-18	165,760.00	9/1/17-8/31/18	-	-	110,635.00	(165,760.00)	(55,125.00)	-	-	165,760.00
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA4480-17	15,639.00	9/1/16-8/31/17	-	-	-	(671.00)	(871.00)	-	-	15,639.00
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA4480-18	7,707.00	9/1/17-8/31/18	(26,735.00)	-	137,628.00	(174,596.00)	(63,703.00)	-	-	7,707.00
													422,569.00
Total Special Revenue Fund				741,080.76				267,463.72	(345,215.65)	(146,318.16)	349.37	3,041.41	741,080.76
Total Federal Financial Awards				741,080.76				267,463.72	(345,215.65)	(146,318.16)	349.37	3,041.41	741,080.76

**ROCKAWAY BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ending June 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2018		Cumulative Total Expenditures	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor at		
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Transportation Aid	18-495-034-5120-014	8,482.00	7/1/17-6/30/18			7,639.00	(8,482.00)			(843.00)	8,482.00	
Extraordinary Special Education Aid	17-100-034-5120-473	63,970.00	7/1/16-6/30/17			63,970.00					63,970.00	
Extraordinary Special Education Aid	18-100-034-5120-473	126,753.00	7/1/17-6/30/18	(63,970.00)					(126,753.00)		126,753.00	
Categorical Special Education Aid	18-495-034-5120-089	385,322.00	7/1/17-6/30/18			347,019.00	(385,322.00)			(38,303.00)	385,322.00	
Equalization Aid	18-495-034-5120-078	136,511.00	7/1/17-6/30/18			122,941.00	(136,511.00)			(13,570.00)	136,511.00	
Categorical Security Aid	18-495-034-5120-084	16,077.00	7/1/17-6/30/18			14,479.00	(16,077.00)			(1,598.00)	16,077.00	
Under Adequacy Aid	18-495-034-5120-096	20,479.00	7/1/17-6/30/18			18,443.00	(20,479.00)			(2,036.00)	20,479.00	
PARCC Readiness Aid	18-495-034-5120-098	5,940.00	7/1/17-6/30/18			5,350.00	(5,940.00)			(590.00)	5,940.00	
Per Pupil Growth Aid	18-495-034-5120-097	5,940.00	7/1/17-6/30/18			5,350.00	(5,940.00)			(590.00)	5,940.00	
Professional Learning Comm. Aid	18-495-034-5120-101	5,470.00	7/1/17-6/30/18			4,925.00	(5,470.00)			(545.00)	5,470.00	
Nonpublic Transportation Aid	17-495-034-5120-014	3,828.00	7/1/16-6/30/17	(3,828.00)							3,828.00	
Nonpublic Transportation Aid	18-495-034-5120-014	5,510.00	7/1/17-6/30/18			3,828.00	(5,510.00)			(1,682.00)	5,510.00	
State Reimbursement for Lead Testing of Drinking Water	18-495-034-5120-104	3,751.50	7/1/17-6/30/18			3,751.50					3,751.50	
On-Behalf TPAF Pension	18-495-034-5094-006	465,528.00	7/1/17-6/30/18			465,528.00	(465,528.00)				465,528.00	
On-Behalf TPAF NCSI Premium	18-495-034-5094-007	11,297.00	7/1/17-6/30/18			11,297.00	(11,297.00)				11,297.00	
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	307,971.00	7/1/17-6/30/18			307,971.00	(307,971.00)				307,971.00	
On-Behalf TPAF Long Term Disability	18-495-034-5094-004	1,279.00	7/1/17-6/30/18			1,279.00	(1,279.00)				1,279.00	
Reimbursed T.P.A.F. Social Security	17-495-034-5094-003	259,775.98	7/1/16-6/30/17	(13,433.83)		13,433.83					259,775.98	
Reimbursed T.P.A.F. Social Security	18-495-034-5094-003	250,307.16	7/1/17-6/30/18	(81,231.83)		237,862.56	(250,307.16)		(12,444.60)	(68,075.00)	250,307.16	
Total General Fund						1,635,066.88	(1,756,617.66)		(144,707.60)		2,084,191.64	
<b>Capital Projects Fund:</b>												
New Jersey School Development Auth.	SP4480-060-14-1002	143,436.00	7/1/14-6/30/15								143,436.00	
Total Capital Projects Fund											143,436.00	
<b>Special Revenue Fund:</b>												
N.J. Nonpublic:												
Textbook Aid	17-100-034-5120-064	10,836.00	7/1/16-6/30/17		1,562.00			(1,562.00)			9,274.00	
Textbook Aid	18-100-034-5120-064	9,367.00	7/1/17-6/30/18			9,367.00	(9,367.00)				9,367.00	
Nursing Aid	18-100-034-5120-070	16,897.00	7/1/17-6/30/18			16,897.00	(16,897.00)				16,897.00	
Technology Aid	18-100-034-5120-373	6,327.00	7/1/17-6/30/18			6,327.00	(6,327.00)				6,327.00	
Security Aid	17-100-034-5120-509	9,400.00	7/1/16-6/30/17		30.00			(30.00)			9,370.00	
Security Aid	18-100-034-5120-509	12,825.00	7/1/17-6/30/18			12,825.00	(12,825.00)				12,825.00	
Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	28,217.00	7/1/16-6/30/17		4,389.00			(4,389.00)			23,828.00	
Compensatory Education	18-100-034-5120-067	44,292.00	7/1/17-6/30/18			44,292.00	(44,292.00)		16,338.06		25,993.94	
English as a Second Language	18-100-034-5120-067	903.00	7/1/17-6/30/18			903.00			903.00		903.00	
Transportation	17-100-034-5120-068	20,638.00	7/1/16-6/30/17		20,359.00			(20,359.00)			279.00	
Handicapped Services:												
Supplemental Instruction	17-100-034-5120-066	12,477.00	7/1/16-6/30/17		1,108.00			(1,108.00)			11,369.00	
Supplemental Instruction	18-100-034-5120-066	15,066.00	7/1/17-6/30/18			15,066.00	(15,066.00)		4,915.60		10,150.40	
Examination and Classification	17-100-034-5120-066	19,988.00	7/1/16-6/30/17		11,339.00			(11,339.00)			8,649.00	
Examination and Classification	18-100-034-5120-066	21,472.00	7/1/17-6/30/18			21,472.00	(21,472.00)		9,088.24		12,373.76	
Examination and Classification	17-100-034-5120-066	12,634.00	7/1/16-6/30/17		2,651.00			(2,651.00)			9,983.00	
Corrective Speech	18-100-034-5120-066	16,070.00	7/1/17-6/30/18			16,070.00	(16,070.00)		7,499.12		8,570.88	
Total Special Revenue Fund					41,458.00	142,909.00	(102,154.88)	(41,458.00)	40,754.02		174,886.98	
<b>State Department of Agriculture</b>												
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	2,332.33	7/1/16-6/30/17	(412.66)		412.66			(229.42)		286,043.96	
State School Lunch Program	18-100-010-3350-023	2,517.69	7/1/17-6/30/18	(412.66)		2,288.27	(2,517.69)		(229.42)			
Total Enterprise Fund						2,700.93	(2,517.69)					
Total State Financial Assistance						(181,459.58)	41,458.00	(41,458.00)	(244,752.11)	40,754.02	2,402,514.62	
Less: On-Behalf TPAF Pension Aid						786,075.00	(786,075.00)				784,796.00	
Total For State Aid Financial Assistance Determination						(181,459.58)	41,458.00	(41,458.00)	(244,752.11)	40,754.02	1,617,718.62	

**Borough of Rockaway School District  
Notes to the Schedules of Expenditures of Federal Awards and  
State Financial Assistance  
June 30, 2018**

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Page 1 of 3**

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Rockaway School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**  
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(6,598.00) for the general fund and \$(2,267.20) for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2018 fiscal year was \$786,075.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$1,750,019.66	\$1,750,019.66
Special Revenue Fund	265,877.80	102,154.98	368,032.78
Food Service Fund	<u>77,070.65</u>	<u>2,517.68</u>	<u>79,588.33</u>
 Total Awards and Financial Assistance	 <u>\$342,948.45</u>	 <u>\$1,854,692.32</u>	 <u>\$2,197,640.77</u>

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

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

**NOTE 7. SCHOOLWIDE PROGRAM FUNDS**

School wide programs are not separate federal programs as defined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The following funds by program are included in schoolwide programs in the school district.

<u>Program</u>	<u>Total</u>
Title I, Part A: Grants to Local Educational Agencies	\$60,328.00
Title II, Part A: Improving Teacher Quality State Grants	23,221.00
Title IV: Safe and Drug Free Schools	<u>10,000.00</u>
Total	<u>\$93,549.00</u>

**NOTE 8. INDIRECT COST RATE**

The Borough of Rockaway School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**BOROUGH OF ROCKAWAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified?            yes   X   no  
2) Significant deficiencies identified?            yes   X   none reported

Noncompliance material to financial statements noted?            yes   X   no

**Federal Awards**

N/A

**BOROUGH OF ROCKAWAY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

**State Awards Section**

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

Auditee qualified as low-risk auditee?                      X   yes               no

Internal Control over major state programs:

- 1) Material weakness(es) identified?                           yes          X   no
- 2) Significant deficiencies identified that are not  
    Considered to be material weaknesses?                   yes          X   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular letter 15-08, as applicable?           yes      X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-495-034-5094-003	Reimbursed TPAF - Social Security
18-495-034-5120-089	State Aid Public Cluster:
18-495-034-5120-084	Special Education Aid
18-495-034-5120-085	Security Aid
18-495-034-5120-097	Adjustment Aid
18-495-034-5120-098	Per Pupil Growth Aid
18-495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid



**BOROUGH OF ROCKAWAY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section II - Schedule of Financial Statement Findings*

NONE

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported.

**BOROUGH OF ROCKAWAY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Status of Prior Year Findings**

There were no prior audit findings.