

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Hibernia, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Rockaway Township School District
Hibernia, New Jersey
For The Fiscal Year Ended June 30, 2018**

**Prepared by
Business Office**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION	
Independent Auditor's Report	8-10
REQUIRED SUPPLEMENTARY INFORMATION- PART I	
Management's Discussion and Analysis	11-24
Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	27-28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statement of Activities	30
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	31
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	32
B-6 Statement of Cash Flows	33
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35
Notes to the Financial Statements	36-76

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

		<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - PART II		
C. Budgetary Comparison Schedules		
C-1	Budgetary Comparison Schedule – General Fund	77-84
C-2	Budgetary Comparison Schedule – Special Revenue Fund	85
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II		
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	86
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)		
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	87
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	88
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	89
L-4	Notes to the Required Supplementary Information – Net Pension Liability	90
L-5	Required Supplementary Information – Schedule of District’s Proportionate Share Of Total OPEB Liability	91
L-6	Notes to Required Supplementary Information – OPEB Liability	92
OTHER SUPPLEMENTARY INFORMATION		
D. School Level Schedules – Not Applicable		
E. Special Revenue Fund		
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	93-94
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	95
F. Capital Projects Fund		
F-1	Summary Schedule of Project Expenditures	96
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	97
F-2A- F-2F	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	98-99
G. Proprietary Funds		
<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Position	100
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	101
G-3	Combining Statement of Cash Flows	102

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds (Continued)	
<i>Internal Service Fund</i>	
G-4 Combining Statement of Net Position – N/A	103
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – N/A	103
G-6 Combining Statement of Cash Flows – N/A	103
H. Fiduciary Funds	
H-1 Combining Schedule of Agency Assets and Liabilities	104
H-2 Combining Schedule of Changes in Net Position – Not Applicable	104
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	105
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	105
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	106
I-2 Schedule of Obligations under Capital Leases	107
I-3 Debt Service Fund Budgetary Comparison Schedule	108
J.	STATISTICAL SECTION (Unaudited)
J-1 Net Position by Component	109
J-2 Changes in Net Position	110-111
J-3 Fund Balances – Governmental Funds	112
J-4 Changes in Fund Balances – Governmental Funds	113
J-5 General Fund Other Local Revenue by Source	114
J-6 Assessed Value and Actual Value of Taxable Property	115
J-7 Property Tax Rates Direct and Overlapping Governments	116
J-8 Principal Property Taxpayers	117
J-9 Property Tax Levies and Collections	118
J-10 Ratios of Outstanding Debt by Type	119
J-11 Ratios of Net General Bonded Debt Outstanding	120
J-12 Computation of Direct and Overlapping Outstanding Bonded Debt	121
J-13 Legal Debt Margin Information	122
J-14 Demographic Statistics	123
J-15 Principal Employers	124
J-16 Full-Time Equivalent District Employees by Function/Program	125
J-17 Operating Statistics	126
J-18 School Building Information	127
J-19 Schedule of Required Maintenance for School Facilities	128
J-20 Insurance Schedule	129

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
K. SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	130-131
K-2 Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	132-134
K-3 Schedule of Expenditure of Federal Awards	135
K-4 Schedule of Expenditures of State Financial Assistance	136-137
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	138-139
K-6 Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	140-141
K-7 Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	140
K-7 Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	143-144
K-8 Summary Schedule of Prior Year Findings	145

INTRODUCTORY SECTION



ROCKAWAY TOWNSHIP PUBLIC SCHOOLS

Donnamarie Palmiere
Business Administrator/Board Secretary

Administration Building
16 School Road, P.O. Box 500
Hibernia, N.J. 07842
973-627-8200 ext. 207
FAX 973-627-8552
DPALMIERE@rocktwp.org

February 11, 2019

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped children. The District completed the 2017-2018 fiscal year with an average daily enrollment of 2321 students, which is a decrease of 74 students from the previous year's enrollment.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2017-2018	2321	-3.09%
2016-2017	2395	-0.46%
2015-2016	2406	1.82%
2014-2015	2363	-1.86%
2013-2014	2407	-1.27%
2012-2013	2438	-2.09%
2011-2012	2490	-2.82%
2010-2011	2562	-2.17%
2009-2010	2619	-3.54%

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

During the 2017-2018 the District purchased Chromebooks, computers and continued to upgrade the technology infrastructure. At Copeland Middle School a 1:1 Chrome Book was initiated. The District completed a boiler/HVAC project at the CAD school. Three roof projects were done at CAD, DBO and BW.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

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

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

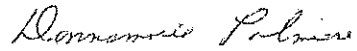
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District's broker, Morville Agency, oversees risk management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

9) OTHER INFORMATION:

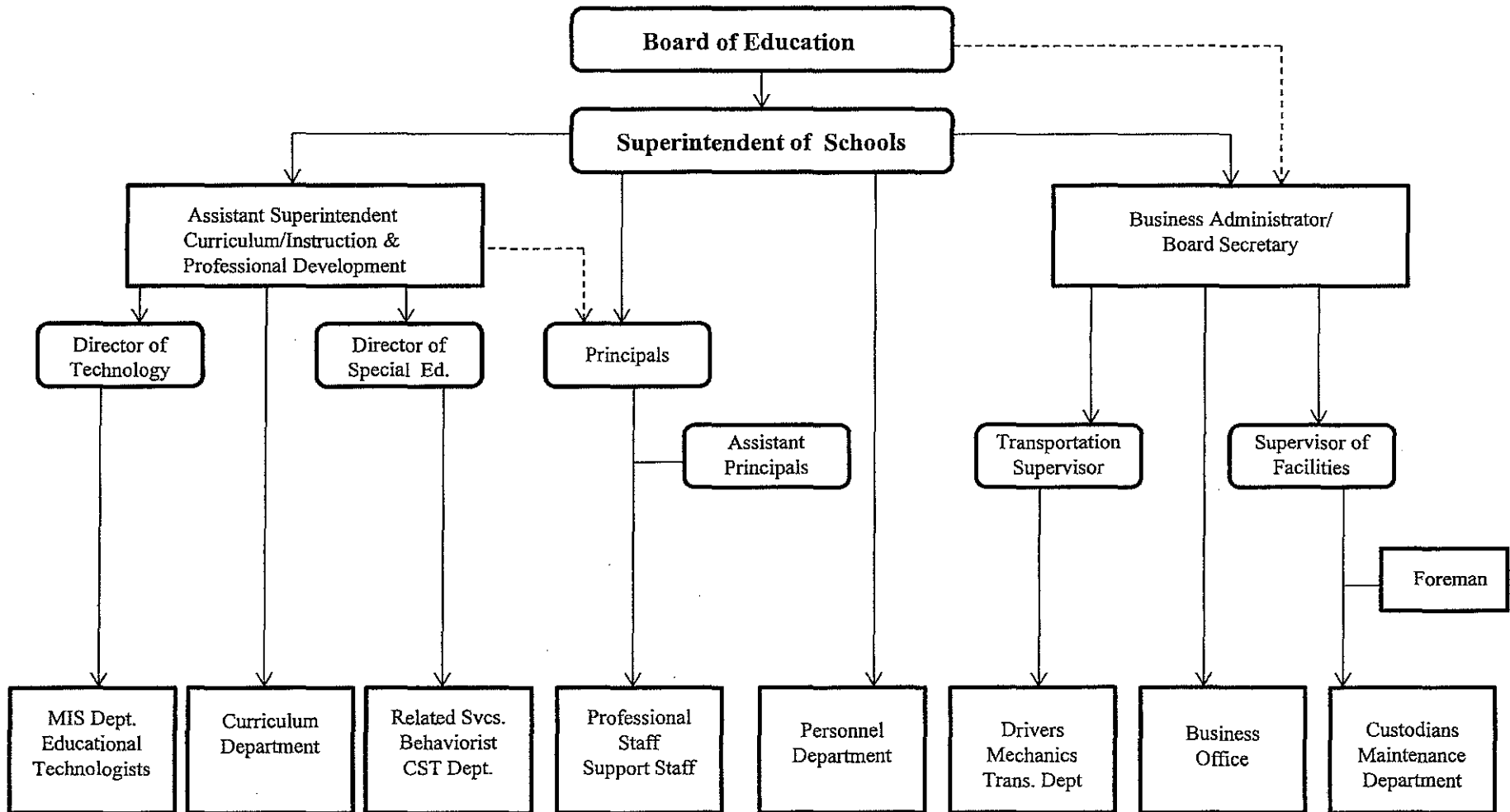
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements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

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

Respectfully submitted,



Donnamarie Palmiere
Board Secretary/Business Administrator



Adopted: 23 January 2013
Revised: 20 August 2014

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

**Roster of Officials
June 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Susan Shanik Salny, President	2019
Tara Maluszczak, Vice President	2018
Rosemary Chabala	2018
Rachel Brookes	2019
Nancy Chirico	2019
Nancy Helbourg	2020
Lisa Mezik	2020

Other Officials

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depository

PNC National Bank
East Main Street
Rockaway, New Jersey 07866

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Rockaway Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect 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, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

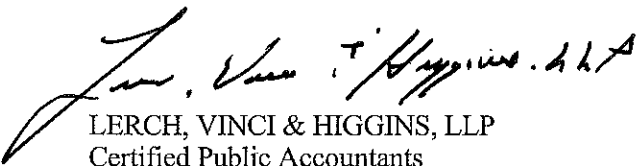
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockaway Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section,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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2019 on our consideration of the 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 the effectiveness of the Rockaway Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rockaway Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

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

Financial Highlights

Key financial highlights for 2018 are as follows:

- District-Wide - Overall revenues were \$68,526,517. General revenues accounted for \$46,603,259 or 68 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,923,258 or 32 percent of total revenues of \$68,526,517.
- District-Wide - The School District had \$66,464,505 in expenses; only \$21,923,258 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$46,603,259 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Rockaway Township School District's governmental funds reported combined ending fund balances of \$10,423,190 an increase of \$882,087 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2018, the unassigned fund balance for the General Fund was \$822,221 a decrease of \$253,551 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

District-wide Statements

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Fund Financial Statements (Continued)

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2018 and 2017. For 2018 and 2017 net position was \$13,954,463 and \$11,892,451 respectively.

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

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

Table A-2
Statement of Net Position
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 10,714,278	\$ 9,825,879	\$ 293,038	\$ 392,420	\$ 11,007,316	\$ 10,218,299
Capital Assets	<u>26,808,170</u>	<u>26,048,913</u>	<u>189,907</u>	<u>172,442</u>	<u>26,998,077</u>	<u>26,221,355</u>
Total Assets	<u>37,522,448</u>	<u>35,874,792</u>	<u>482,945</u>	<u>564,862</u>	<u>38,005,393</u>	<u>36,439,654</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	123,002	145,084			123,002	145,084
Deferred Amounts on Net Pension Liability	<u>4,117,128</u>	<u>5,976,539</u>	<u>-</u>	<u>-</u>	<u>4,117,128</u>	<u>5,976,539</u>
Total Deferred Outflows of Resources	<u>4,240,130</u>	<u>6,121,623</u>	<u>-</u>	<u>-</u>	<u>4,240,130</u>	<u>6,121,623</u>
Total Assets and Deferred Outflows of Resources	<u>41,762,578</u>	<u>41,996,415</u>	<u>482,945</u>	<u>564,862</u>	<u>42,245,523</u>	<u>42,561,277</u>
Liabilities						
Long-Term Liabilities	23,372,600	28,884,111			23,372,600	28,884,111
Other Liabilities	<u>325,994</u>	<u>323,561</u>	<u>152,431</u>	<u>215,607</u>	<u>478,425</u>	<u>539,168</u>
Total Liabilities	<u>23,698,594</u>	<u>29,207,672</u>	<u>152,431</u>	<u>215,607</u>	<u>23,851,025</u>	<u>29,423,279</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			1,560	1,516	1,560	1,516
Deferred Amounts on Net Pension Liability	<u>4,438,475</u>	<u>1,244,031</u>	<u>-</u>	<u>-</u>	<u>4,438,475</u>	<u>1,244,031</u>
Total Deferred Inflows of Resources	<u>4,438,475</u>	<u>1,244,031</u>	<u>1,560</u>	<u>1,516</u>	<u>4,440,035</u>	<u>1,245,547</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,137,069</u>	<u>30,451,703</u>	<u>153,991</u>	<u>217,123</u>	<u>28,291,060</u>	<u>30,668,826</u>
Net Position						
Net Investment in Capital Assets	22,198,337	20,449,774	189,907	172,442	22,388,244	20,622,216
Restricted	7,784,820	6,167,938			7,784,820	6,167,938
Unrestricted	<u>(16,357,648)</u>	<u>(15,073,000)</u>	<u>139,047</u>	<u>175,297</u>	<u>(16,218,601)</u>	<u>(14,897,703)</u>
Total Net Position	<u>\$ 13,625,509</u>	<u>\$ 11,544,712</u>	<u>\$ 328,954</u>	<u>\$ 347,739</u>	<u>\$ 13,954,463</u>	<u>\$ 11,892,451</u>

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

Governmental activities. Governmental activities for 2018 increased the District's net position by \$2,080,797. Key elements of this increase are as follows:

Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 333,993	\$ 350,132	\$ 619,496	\$ 613,464	\$ 953,489	\$ 963,596
Operating Grants and Contributions	20,693,087	17,514,108	214,902	230,893	20,907,989	17,745,001
Capital Grants and Contributions	61,780	90,620			61,780	90,620
General Revenues						
Property Taxes	44,788,110	43,919,238			44,788,110	43,919,238
Unrestricted Federal/State Aid	1,521,269	1,514,246			1,521,269	1,514,246
Other	293,162	371,489	718	325	293,880	371,814
Total Revenues	67,691,401	63,759,833	835,116	844,682	68,526,517	64,604,515
Expenses						
Instruction						
Regular	25,479,101	23,382,377			25,479,101	23,382,377
Special Education	10,741,972	10,938,722			10,741,972	10,938,722
Other Instruction	1,253,641	1,655,602			1,253,641	1,655,602
School Sponsored Activities and Ath.	58,401	60,424			58,401	60,424
Support Services						
Student and Instruction Related Serv.	13,342,823	12,757,414			13,342,823	12,757,414
General Administrative Services	1,381,039	2,187,221			1,381,039	2,187,221
School Administrative Services	3,281,178	2,576,655			3,281,178	2,576,655
Administrative Information Technology	1,125,548	809,171			1,125,548	809,171
Central Services	853,827	802,796			853,827	802,796
Plant Operations and Maintenance	4,899,077	4,515,865			4,899,077	4,515,865
Pupil Transportation	3,094,941	3,182,434			3,094,941	3,182,434
Food Services			760,645	763,464	760,645	763,464
Other Programs			93,256	100,415	93,256	100,415
Interest on Long-Term Debt	99,056	86,439	-	-	99,056	86,439
Total Expenses	65,610,604	62,955,120	853,901	863,879	66,464,505	63,818,999
Change in Net Position	2,080,797	804,713	(18,785)	(19,197)	2,062,012	785,516
Net Position, Beginning of Year	11,544,712	10,739,999	347,739	366,936	11,892,451	11,106,935
Net Position, End of Year	\$ 13,625,509	\$ 11,544,712	\$ 328,954	\$ 347,739	\$ 13,954,463	\$ 11,892,451

Governmental activities. The District's total governmental revenues were \$67,691,401. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$46,602,541 or 69% of total revenues. Funding from state and federal sources and capital contributions amounted to \$20,754,867 or 31%. In addition, charges for services from tuition and transportation fees of \$333,993 represent less than 1% of revenues.

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

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 25,479,101	\$ 23,382,377	\$ 17,046,999	\$ 16,083,863
Special Education	10,741,972	10,938,722	4,645,187	5,166,741
Other Instruction	1,253,641	1,655,602	874,492	1,098,362
School Sponsored Activities and Athletics	58,401	60,424	58,401	60,424
Support Services				
Student and Instruction Related Svcs.	13,342,823	12,757,414	9,289,036	9,273,404
General Administrative Services	1,381,039	2,187,221	1,327,657	2,187,221
School Administrative Services	3,281,178	2,576,655	2,479,122	2,250,273
Administrative Information Technology	1,125,548	809,171	1,057,964	809,171
Central Services	853,827	802,796	708,961	721,786
Plant Operations and Maintenance	4,899,077	4,515,865	4,454,664	4,375,657
Pupil Transportation	3,094,941	3,182,434	2,480,205	2,886,919
Interest on Long-Term Debt	99,056	86,439	99,056	86,439
Total Governmental Activities	<u>\$ 65,610,604</u>	<u>\$ 62,955,120</u>	<u>\$ 44,521,744</u>	<u>\$ 45,000,260</u>

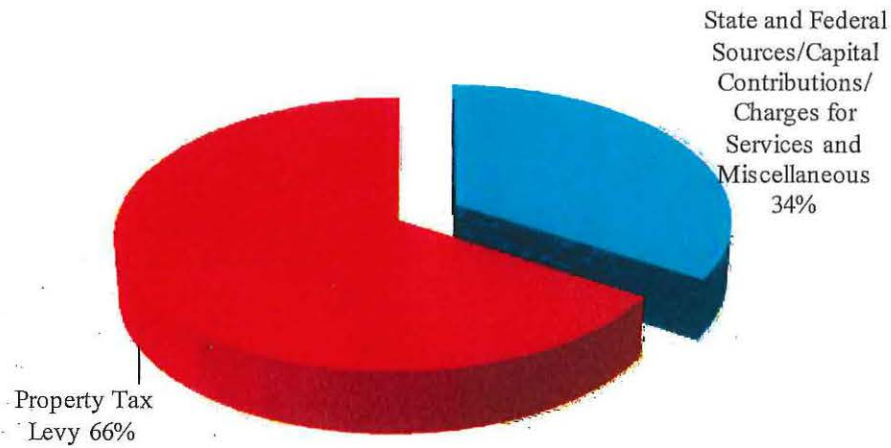
Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$853,901. These costs were funded by operating grants and charges for services (Detailed on Table A-3). The operations resulted in a decrease in net position of \$18,785.

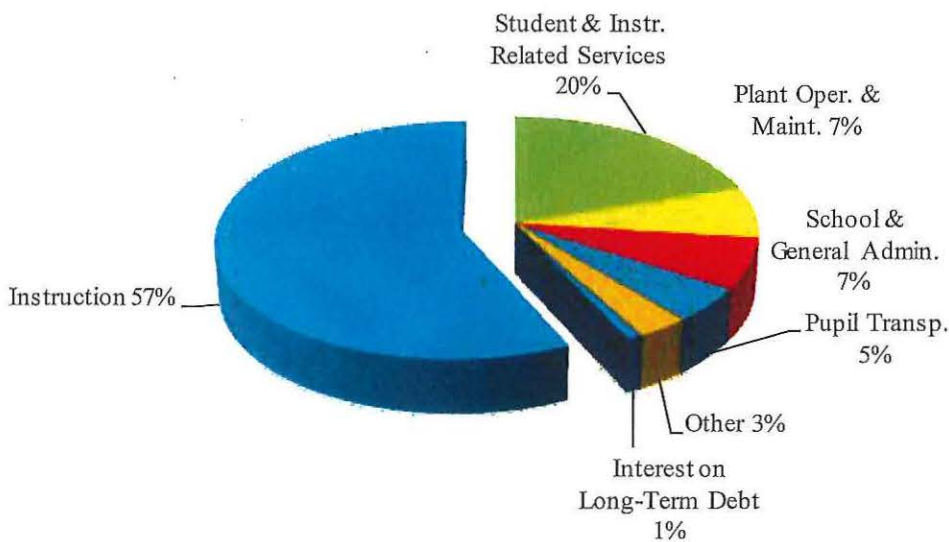
DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ROCKAWAY TOWNSHIP SCHOOL DISTRICT AS A WHOLE (Continued)

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$37,533,115 (57%), student support services totaled \$27,978,433 (43%) and interest on long-term debt total \$99,056 represents less than (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2018



Expenditures by Type- Governmental Activities
For Fiscal Year 2018



Net Cost of Governmental Activities. The District's total cost of services was \$65,610,604. After applying program revenues, derived from operating and capital grants and contributions of \$20,754,867, and charges for services of \$333,993 the net cost of services of the District is \$44,521,744 for the fiscal year ended June 30, 2018.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$10,423,190. In 2016-2017 the fund balance was \$9,541,103. The District's Fund balance has increased due to increase funding from state and federal sources.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$56,443,353 and expenditures were \$55,561,266.

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

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 45,416,265	\$ 44,641,859	\$ 774,406	1.73%
State Sources	9,908,871	8,978,550	930,321	10.36%
Federal Sources	<u>1,118,217</u>	<u>1,116,367</u>	<u>1,850</u>	0.17%
 Total Revenues	 <u>\$ 56,443,353</u>	 <u>\$ 54,736,776</u>	 <u>\$ 1,706,577</u>	 3.12%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2018 and 2017.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 28,733,408	\$ 28,324,570	\$ 408,838	1.44%
Support Services	22,858,754	22,393,134	465,620	2.08%
Debt Service	1,092,240	1,173,798	(81,558)	-6.95%
Capital Outlay	<u>2,876,864</u>	<u>3,198,447</u>	<u>(321,583)</u>	-10.05%
 Total Expenditures	 <u>\$ 55,561,266</u>	 <u>\$ 55,089,949</u>	 <u>\$ 471,317</u>	 0.86%

General Fund Budgetary Highlights

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

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

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

Capital Assets. The Rockaway Township School District’s investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$26,998,077 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 3,242,866	\$ 3,242,866			\$ 3,242,866	\$ 3,242,866
Construction in Progress	67,963	983,801			67,963	983,801
Buildings and Building Improvements	34,832,810	31,412,644			34,832,810	31,412,644
Machinery and Equipment	<u>11,972,431</u>	<u>11,623,130</u>	\$ 575,116	\$ 547,052	<u>12,547,547</u>	<u>12,170,182</u>
Total	50,116,070	47,262,441	575,116	547,052	50,691,186	47,809,493
Less: Accumulated Depreciation	<u>23,307,900</u>	<u>21,213,528</u>	<u>385,209</u>	<u>374,610</u>	<u>23,693,109</u>	<u>21,588,138</u>
Total	<u>\$ 26,808,170</u>	<u>\$ 26,048,913</u>	<u>\$ 189,907</u>	<u>\$ 172,442</u>	<u>\$ 26,998,077</u>	<u>\$ 26,221,355</u>

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

Debt Administration. As of June 30, 2018 the school district had long-term debt and outstanding long-term liabilities in the amount of \$23,372,600 as stated in Table A-6.

Long-Term Liabilities

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

	Balance	Balance
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
General Obligation Bonds, Gross	\$ 3,804,997	\$ 4,286,366
Obligations Under Capital Leases	927,838	1,457,857
Other Long-Term Liabilities	1,597,332	1,352,777
Net Pension Liability	<u>17,042,433</u>	<u>21,787,111</u>
Total	<u>\$ 23,372,600</u>	<u>\$ 28,884,111</u>

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

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

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

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

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,434,382	\$ 271,392	\$ 10,705,774
Receivables, net	279,896	15,369	295,265
Inventory		4,792	4,792
Prepaid Expense		1,485	1,485
Capital Assets, net			
Not Being Depreciated	3,310,829		3,310,829
Being Depreciated	<u>23,497,341</u>	<u>189,907</u>	<u>23,687,248</u>
Total Assets	<u>37,522,448</u>	<u>482,945</u>	<u>38,005,393</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	123,002		123,002
Deferred Amounts on Net Pension Liability	<u>4,117,128</u>	<u>-</u>	<u>4,117,128</u>
Total Deferred Outflows of Resources	<u>4,240,130</u>	<u>-</u>	<u>4,240,130</u>
Total Assets and Deferred Outflows of Resources	<u>41,762,578</u>	<u>482,945</u>	<u>42,245,523</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	291,088	106,173	397,261
Unearned Revenue		46,258	46,258
Accrued Interest Payable	34,906		34,906
Noncurrent Liabilities			
Due Within One Year	931,834		931,834
Due Beyond One Year	<u>22,440,766</u>	<u>-</u>	<u>22,440,766</u>
Total Liabilities	<u>23,698,594</u>	<u>152,431</u>	<u>23,851,025</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		1,560	1,560
Deferred Amounts on Net Pension Liability	<u>4,438,475</u>	<u>-</u>	<u>4,438,475</u>
Total Deferred Inflows of Resources	<u>4,438,475</u>	<u>1,560</u>	<u>4,440,035</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,137,069</u>	<u>153,991</u>	<u>28,291,060</u>
NET POSITION			
Net Investment in Capital Assets	22,198,337	189,907	22,388,244
Restricted for			
Debt Service	12,485		12,485
Capital Projects	7,772,335		7,772,335
Unrestricted	<u>(16,357,648)</u>	<u>139,047</u>	<u>(16,218,601)</u>
Total Net Position	<u>\$ 13,625,509</u>	<u>\$ 328,954</u>	<u>\$ 13,954,463</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 25,479,101	\$ 60,570	\$ 8,371,532		\$ (17,046,999)		\$ (17,046,999)
Special Education	10,741,972	110,230	5,986,555		(4,645,187)		(4,645,187)
Other Instruction	1,253,641		379,149		(874,492)		(874,492)
School Sponsored Activities and Athletics	58,401				(58,401)		(58,401)
Support Services							
Student and Instruction Related Services	13,342,823		4,053,787		(9,289,036)		(9,289,036)
General Administrative Services	1,381,039		53,382		(1,327,657)		(1,327,657)
School Administrative Services	3,281,178		802,056		(2,479,122)		(2,479,122)
Administrative Information Technology	1,125,548		67,584		(1,057,964)		(1,057,964)
Central Services	853,827		144,866		(708,961)		(708,961)
Plant Operations and Maintenance	4,899,077		382,633	\$ 61,780	(4,454,664)		(4,454,664)
Pupil Transportation	3,094,941	163,193	451,543		(2,480,205)		(2,480,205)
Interest on Long-Term Debt	99,056	-	-	-	(99,056)	-	(99,056)
Total Governmental Activities	65,610,604	333,993	20,693,087	61,780	(44,521,744)	-	(44,521,744)
Business-Type Activities							
Food Service	760,645	521,629	214,902	-	-	\$ (24,114)	(24,114)
Other Programs	93,256	97,867	-	-	-	4,611	4,611
Total Business-Type Activities	853,901	619,496	214,902	-	-	(19,503)	(19,503)
Total Primary Government	\$ 66,464,505	\$ 953,489	\$ 20,907,989	\$ 61,780	(44,521,744)	(19,503)	(44,541,247)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					44,378,851		44,378,851
Property Taxes Levied for Debt Service					409,259		409,259
State Aid - Unrestricted					1,388,328		1,388,328
State Aid for Debt Service Principal					132,941		132,941
Miscellaneous Income					264,163		264,163
Interest					28,999	718	29,717
Total General Revenues					46,602,541	718	46,603,259
Change in Net Position					2,080,797	(18,785)	2,062,012
Net Position, Beginning of Year					11,544,712	347,739	11,892,451
Net Position, End of Year					\$ 13,625,509	\$ 328,954	\$ 13,954,463

FUND FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 10,421,897			\$ 12,485	\$ 10,434,382
Due from Other Funds	73,621				73,621
Other Receivables	145,348				145,348
Receivables from Other Governments	<u>95,404</u>	\$ 39,144	-	-	<u>134,548</u>
Total Assets	<u>\$ 10,736,270</u>	<u>\$ 39,144</u>	<u>\$ -</u>	<u>\$ 12,485</u>	<u>\$ 10,787,899</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Other Liabilities	\$ 213,723	\$ 29,896			\$ 243,619
Accrued Salaries	43,879				43,879
Due to Other Governments		3,590			3,590
Due to Other Funds	<u>-</u>	<u>5,658</u>	<u>\$ 67,963</u>	<u>-</u>	<u>73,621</u>
Total Liabilities	<u>257,602</u>	<u>39,144</u>	<u>67,963</u>	<u>-</u>	<u>364,709</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	655,509				655,509
Excess Surplus - Designated for Subsequent Year's Expenditures	637,752				637,752
Capital Reserve	5,044,585				5,044,585
Capital Reserve - Designated for Subsequent Year's Expenditures	2,727,750				2,727,750
Debt Service				\$ 12,485	12,485
Assigned Fund Balance					
Year-End Encumbrances	590,851				590,851
Unassigned Fund Balance	<u>822,221</u>	<u>-</u>	<u>(67,963)</u>	<u>-</u>	<u>754,258</u>
Total Fund Balances (Deficits)	<u>10,478,668</u>	<u>-</u>	<u>(67,963)</u>	<u>12,485</u>	<u>10,423,190</u>
Total Liabilities and Fund Balances	<u>\$ 10,736,270</u>	<u>\$ 39,144</u>	<u>\$ -</u>	<u>\$ 12,485</u>	<u>\$ 10,787,899</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances (Exhibit B-1) \$ 10,423,190

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$50,116,070 and the accumulated depreciation is \$23,307,900.

26,808,170

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

(34,906)

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

Deferred Outflows of Resources

\$ 4,117,128

Deferred Inflows of Resources

(4,438,475)

(321,347)

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

Bonds Payable, including Unamortized Premium

(3,804,997)

Deferred Outflows of Resources- Deferred

Amounts on Refunding of Debt

123,002

Compensated Absences

(1,597,332)

Lease Payable

(927,838)

Net Pension Liability

(17,042,433)

(23,249,598)

Net Position (Exhibit A-1)

\$ 13,625,509

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 44,378,851			\$ 409,259	\$ 44,788,110
Tuition	170,800				170,800
Miscellaneous	456,355	\$ 1,000	-	-	457,355
Total - Local Sources	45,006,006	1,000	-	409,259	45,416,265
State Sources	9,712,040	2,110	\$ 61,780	132,941	9,908,871
Federal Sources	372,898	745,319	-	-	1,118,217
Total Revenues	55,090,944	748,429	61,780	542,200	56,443,353
EXPENDITURES					
Current					
Regular Instruction	19,230,149	95,219			19,325,368
Special Education Instruction	7,701,574	585,200			8,286,774
Other Instruction	1,062,865				1,062,865
School-Sponsored Activities and Athletics	58,401				58,401
Support Services and Undistributed Costs:					
Student and Instruction Related Services	10,276,353	68,010			10,344,363
General Administrative Services	1,001,049				1,001,049
School Administrative Services	2,564,803				2,564,803
Administrative Information Technology	1,030,597				1,030,597
Central Services	711,275				711,275
Plant Operations and Maintenance	4,416,473				4,416,473
Pupil Transportation	2,790,194				2,790,194
Debt Service					
Principal	530,019			410,000	940,019
Interest and Other Charges	20,021			132,200	152,221
Capital Outlay	2,761,168	-	115,696	-	2,876,864
Total Expenditures	54,154,941	748,429	115,696	542,200	55,561,266
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	936,003	-	(53,916)	-	882,087
OTHER FINANCING SOURCES (USES)					
Transfers In	2,000				2,000
Transfers Out	-		(2,000)	-	(2,000)
Total Other Financing Sources and Uses	2,000	-	(2,000)	-	-
Net Change in Fund Balances	938,003	-	(55,916)	-	882,087
Fund Balance, Beginning of Year	9,540,665	-	(12,047)	12,485	9,541,103
Fund Balance (Deficits), End of Year	\$ 10,478,668	\$ -	\$ (67,963)	\$ 12,485	\$ 10,423,190

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 882,087**

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

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

Capital Outlay	\$ 2,876,864	
Depreciation Expense	<u>(2,117,607)</u>	
		759,257

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

Increase in Compensated Absences	(244,555)	
Increase in Pension Expense	<u>(309,177)</u>	
		(553,732)

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

Serial Bonds	410,000	
Lease Purchase Agreement	<u>530,019</u>	
		940,019

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

Premium on Bond Proceeds	71,369	
Amortization of Deferred Amounts on Refunding	<u>(22,082)</u>	
		49,287

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

Increase in Accrued Interest		<u>3,879</u>
------------------------------	--	--------------

Change in net position of governmental activities (Exhibit A-2) **\$ 2,080,797**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 228,210	\$ 43,182	\$ 271,392
Intergovernmental Receivable			
State	643		643
Federal	14,381		14,381
Other Receivables	345		345
Prepaid Expense		1,485	1,485
Inventories	4,792	-	4,792
	<u>248,371</u>	<u>44,667</u>	<u>293,038</u>
Total Current Assets			
Capital Assets			
Equipment	575,116		575,116
Less: Accumulated Depreciation	<u>(385,209)</u>	<u>-</u>	<u>(385,209)</u>
Total Capital Assets, Net	<u>189,907</u>	<u>-</u>	<u>189,907</u>
Total Assets	<u>438,278</u>	<u>44,667</u>	<u>482,945</u>
LIABILITIES			
Accounts Payable	106,173		106,173
Unearned Revenue	<u>14,275</u>	<u>31,983</u>	<u>46,258</u>
Total Liabilities	<u>120,448</u>	<u>31,983</u>	<u>152,431</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Total Liabilities and Deferred Inflows of Resources	<u>122,008</u>	<u>31,983</u>	<u>153,991</u>
NET POSITION			
Investment in Capital Assets	189,907		189,907
Unrestricted	<u>126,363</u>	<u>12,684</u>	<u>139,047</u>
Total Net Position	<u>\$ 316,270</u>	<u>\$ 12,684</u>	<u>\$ 328,954</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales			
Reimbursable Programs	\$ 296,173		\$ 296,173
Non - Reimbursable Programs	217,595		217,595
Special Functions	6,625		6,625
Program Fees	1,236	\$ 97,867	99,103
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	521,629	97,867	619,496
OPERATING EXPENSES			
Cost of Sales - Non Programs	55,718		55,718
Cost of Sales - Reimbursable Programs	237,533		237,533
Salaries and Employee Benefits	350,567	87,977	438,544
Purchased Professional Services	56,737		56,737
Supplies and Materials	20,890	3,279	24,169
Transportation		2,000	2,000
Depreciation	39,200	-	39,200
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	760,645	93,256	853,901
Operating Income/(Loss)	<hr/> (239,016)	<hr/> 4,611	<hr/> (234,405)
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	7,424		7,424
Federal Sources			
National School Lunch Program	158,135		158,135
National School Breakfast Program	8,178		8,178
Food Distribution Program	41,165		41,165
Local Sources			
Interest Income	699	19	718
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	215,601	19	215,620
Change in Net Position	(23,415)	4,630	(18,785)
Total Net Position, Beginning of Year	<hr/> 339,685	<hr/> 8,054	<hr/> 347,739
Total Net Position, End of Year	<u>\$ 316,270</u>	<u>\$ 12,684</u>	<u>\$ 328,954</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Food Service Program</u>	<u>Non-Major Programs</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 518,705	\$ 81,327	\$ 600,032
Cash Payments for Employees' Salaries and Benefits	(407,304)	(87,977)	(495,281)
Cash Payments to Suppliers for Goods and Services	(316,605)	(6,533)	(323,138)
Net Cash Provided by (Used for) by Operating Activities	<u>(205,204)</u>	<u>(13,183)</u>	<u>(218,387)</u>
Cash Flows from Investing Activities			
Interest Income	699	19	718
Net Cash Provided by Investing Activities	<u>699</u>	<u>19</u>	<u>718</u>
Cash Flows from Capital And Related Financing Activities			
Acquisition of Capital Assets	(56,665)	-	(56,665)
Net Cash (Used for) Capital and Related Financing Activities	<u>(56,665)</u>	<u>-</u>	<u>(56,665)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	197,158	-	197,158
Net Cash Provided by Noncapital Financing Activities	<u>197,158</u>	<u>-</u>	<u>197,158</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(64,012)	(13,164)	(77,176)
Cash and Cash Equivalents, Beginning of Year	292,222	56,346	348,568
Cash and Cash Equivalents, End of Year	<u>\$ 228,210</u>	<u>\$ 43,182</u>	<u>\$ 271,392</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income/(Loss)	\$ (239,016)	\$ 4,611	\$ (234,405)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	39,200		39,200
Federal Food Distribution Program - Non-Cash (USDA)	41,165		41,165
Change in Assets and Liabilities/Deferred Inflows of Resources			
(Increase)/Decrease in Accounts Receivable, Other	(345)		(345)
(Increase)/Decrease in Prepaid Sales		(1,254)	(1,254)
(Increase)/Decrease in Inventory	384		384
Increase/(Decrease) in Accounts Payable	(44,057)		(44,057)
Increase/(Decrease) in Unearned Revenue	(2,579)	(16,540)	(19,119)
Increase/(Decrease) in Deferred Commodities Revenue	44	-	44
Total Adjustments	<u>33,812</u>	<u>(17,794)</u>	<u>16,018</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (205,204)</u>	<u>\$ (13,183)</u>	<u>\$ (218,387)</u>
Non-Cash Inventory Capital and Financing Activities			
Value Received - Food Distribution Program	\$ 41,209		

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Unemployment Compensation Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 312,308	\$ 342,603
Total Assets	<u>312,308</u>	<u>\$ 342,603</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 210,242
Due to State of New Jersey	\$ 12,204	
Accrued Salaries and Wages		1,091
Due to Family Outreach		257
Due to Flex Spending		12,275
Due to Student Groups	-	<u>118,738</u>
Total Liabilities	<u>12,204</u>	<u>\$ 342,603</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 300,104</u>	

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Employees	\$ 93,367
Investment Earnings	
Interest	<u>553</u>
Total Additions	<u>93,920</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>135,504</u>
Total Deductions	<u>135,504</u>
Change in Net Position	(41,584)
Net Position, Beginning of Year	<u>341,688</u>
Net Position, End of Year	<u><u>\$ 300,104</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

Additionally, the government reports the following fund types:

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

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Prepaid Items*

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

5. *Capital Assets*

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Deferred Outflows/Inflows of Resources*

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

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

7. *Compensated Absences*

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Pensions

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

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

9. Long-Term Obligations

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

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

10. Net Position/Fund Balance

District-Wide Statements

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

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

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amount are used only after the other resources have been used.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, and additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,088,435. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$67,963 in the Capital Projects Fund. The District expects to eliminate this deficit through normal operations in the 2018/2019 fiscal year, through transfers of Capital Reserve Funds.

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 6,167,500
Increased by:		
Interest Earnings	\$ 13,814	
Unexpended Capital Outlay Appropriations	1,130,011	
Unexpended Reserve Returned from Capital Projects Fund	2,000	
Deposits Approved by Board Resolution	<u>4,114,630</u>	
		<u>5,260,455</u>
		11,427,955
Withdrawals:		
Approved in District Budget		<u>3,655,620</u>
Balance, June 30, 2018		<u>\$ 7,772,335</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects is \$6,167,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$2,727,750 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$1,293,261. Of this amount, \$637,752 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$655,509 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$11,360,685 and bank and brokerage firm balances of the Board's deposits amounted to \$12,476,458. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 12,476,458</u>
---------	----------------------

Custodial Credit Risk -- Deposits -- Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 39,144	\$ 14,381	\$ 53,525
State	\$ 95,404		643	96,047
Other	145,348	-	345	145,693
	<u>240,752</u>	<u>39,144</u>	<u>15,369</u>	<u>295,265</u>
Gross Receivables				
	<u>240,752</u>	<u>39,144</u>	<u>15,369</u>	<u>295,265</u>
Less: Allowance for Uncollectibles	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 240,752</u>	<u>\$ 39,144</u>	<u>\$ 15,369</u>	<u>\$ 295,265</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,242,866				\$ 3,242,866
Construction in Progress	<u>983,801</u>	<u>\$ 115,696</u>	<u>-</u>	<u>\$ (1,031,534)</u>	<u>67,963</u>
Total Capital Assets, Not Being Depreciated	<u>4,226,667</u>	<u>115,696</u>	<u>-</u>	<u>(1,031,534)</u>	<u>3,310,829</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	31,412,644	2,388,632		1,031,534	34,832,810
Machinery and Equipment	<u>11,623,130</u>	<u>372,536</u>	<u>\$ (23,235)</u>	<u>-</u>	<u>11,972,431</u>
Total Capital Assets Being Depreciated	<u>43,035,774</u>	<u>2,761,168</u>	<u>(23,235)</u>	<u>1,031,534</u>	<u>46,805,241</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(15,357,764)	(1,098,118)			(16,455,882)
Machinery and Equipment	<u>(5,855,764)</u>	<u>(1,019,489)</u>	<u>23,235</u>	<u>-</u>	<u>(6,852,018)</u>
Total Accumulated Depreciation	<u>(21,213,528)</u>	<u>(2,117,607)</u>	<u>23,235</u>	<u>-</u>	<u>(23,307,900)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,822,246</u>	<u>643,561</u>	<u>-</u>	<u>1,031,534</u>	<u>23,497,341</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,048,913</u>	<u>\$ 759,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,808,170</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 547,052	\$ 56,665	\$ (28,601)	\$ 575,116
Total Capital Assets Being Depreciated	<u>547,052</u>	<u>56,665</u>	<u>(28,601)</u>	<u>575,116</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(374,610)</u>	<u>(39,200)</u>	<u>28,601</u>	<u>(385,209)</u>
Total Accumulated Depreciation	<u>(374,610)</u>	<u>(39,200)</u>	<u>28,601</u>	<u>(385,209)</u>
Total Capital Assets, Being Depreciated, Net	<u>172,442</u>	<u>17,465</u>	<u>-</u>	<u>189,907</u>
Business-Type Activities Capital Assets, Net	<u>\$ 172,442</u>	<u>\$ 17,465</u>	<u>\$ -</u>	<u>\$ 189,907</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 837,920
Special	382,088
Other Education Instruction	<u>2,522</u>
Total Instruction	<u>1,222,530</u>
Support Services	
Student and Instruction Related Services	457,166
School Administrative Services	117,137
General Administrative Services	21,615
Plant Operations and Maintenance	134,636
Pupil Transportation	105,426
Administrative Information Technology	27,367
Central Services	<u>31,730</u>
Total Support Services	<u>895,077</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,117,607</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 39,200</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Stony Brook HVAC Upgrades	\$ 67,963	\$ 1,629,037

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 5,658
General Fund	Capital Projects Fund	<u>67,963</u>
		<u>\$ 73,621</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects	\$ 2,000	\$ -	\$ 2,000
Total Transfers Out	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing various vehicles, buses and copiers totaling \$2,669,596 under capital leases. The leases are for terms for 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 462,788
2020	349,605
2021	<u>135,069</u>
Total minimum lease payments	947,462
Less: amount representing interest	<u>(19,624)</u>
Present value of minimum lease payments	<u>\$ 927,838</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$4,395,000, Refunding School Bonds, due in annual installments of \$420,000 to \$580,000 through September 1, 2024, interest at 3.00% to 4.00%	<u>\$ 3,540,000</u>
---	---------------------

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 420,000	\$ 121,800	\$ 541,800
2020	430,000	109,050	539,050
2021	500,000	95,100	595,100
2022	515,000	77,300	592,300
2023	535,000	46,300	581,300
2024-2026	<u>1,140,000</u>	<u>46,000</u>	<u>1,186,000</u>
	<u>\$ 3,540,000</u>	<u>\$ 495,550</u>	<u>\$ 4,035,550</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 77,559,806
Less: Net Debt	<u>3,540,000</u>
Remaining Borrowing Power	<u>\$ 74,019,806</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	Issued	Reductions	Balance, June 30, 2018	Due Within One Year
Governmental activities:					
Serial Bonds Payable	\$ 3,950,000		\$ 410,000	\$ 3,540,000	\$ 420,000
Add: Original Issue Premium	<u>336,366</u>	<u>-</u>	<u>71,369</u>	<u>264,997</u>	<u>61,134</u>
Total Serial Bonds Payable	4,286,366	-	481,369	3,804,997	481,134
Capital Leases Payable	1,457,857		530,019	927,838	450,700
Compensated Absences	1,352,777	\$ 369,438	124,883	1,597,332	
Net Pension Liability	<u>21,787,111</u>	<u>-</u>	<u>4,744,678</u>	<u>17,042,433</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$28,884,111</u>	<u>\$ 369,438</u>	<u>\$ 5,880,949</u>	<u>\$ 23,372,600</u>	<u>\$ 931,834</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	None	\$ 93,367	\$ 135,504	\$ 300,104
2017	None	91,517	87,332	341,688
2016	None	85,959	70,710	337,332

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

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

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 678,225	\$ 2,952,419	\$ 74,420
2017	655,947	2,160,326	80,901
2016	685,735	1,514,859	69,591

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$6,515 and \$1,666, respectively for PERS and the State contributed \$3,566 and \$4,064, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,448,687 during the fiscal 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 recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$17,042,433 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 proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .07321 percent, which was a decrease of .00035 percent from its proportionate share measured as of June 30, 2016 of .07356 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$989,061 for reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 401,290	
Changes of Assumptions	3,433,463	\$ 3,420,875
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	116,047	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>166,328</u>	<u>1,017,600</u>
Total	<u>\$ 4,117,128</u>	<u>\$ 4,438,475</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 681,852
2020	681,852
2021	681,852
2022	681,852
2023	(3,048,755)
Thereafter	<u>-</u>
	<u>\$ (321,347)</u>

Actuarial Assumptions

The District's 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:

	<u>PERS</u>
Inflation Rate	2.25
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
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%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>20,883,512</u>	\$ <u>17,042,433</u>	\$ <u>13,871,289</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,970,792 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$129,495,494. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .19206 percent, which was an increase of .00286 percent from its proportionate share measured as of June 30, 2016 of .18920 percent.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 154,646,559</u>	<u>\$ 129,495,494</u>	<u>\$ 108,956,404</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>\$366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,906,905, \$1,800,043 and \$1,803,779, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$7,136,580. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$120,495,636. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .22464 percent, which was a decrease of .0002 percent from its proportionate share measured as of June 30, 2016 of .22484 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

Fiscal Year	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>130,031,761</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 4,984,155
Interest on the Total OPEB Liability	3,821,106
Changes of Assumptions	(15,919,217)
Gross Benefit Payments	(2,514,769)
Contributions from the Member	<u>92,600</u>
Net Changes	\$ <u>(9,536,125)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>120,495,636</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>143,037,013</u>	\$ <u>120,495,636</u>	\$ <u>102,615,601</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>99,096,012</u>	\$ <u>120,495,636</u>	\$ <u>148,914,084</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
REVENUES					
Local Sources					
Local Tax Levy	\$ 44,378,851		\$ 44,378,851	\$ 44,378,851	
Tuition	192,600		192,600	170,800	\$ (21,800)
Transportation Fees	56,000		56,000	163,193	107,193
Interest Earned	12,000		12,000	28,999	16,999
Miscellaneous	125,000	-	125,000	264,163	139,163
Total Revenues- Local Sources	44,764,451	-	44,764,451	45,006,006	241,555
State Sources					
Transportation Aid	166,910		166,910	166,910	
Special Education Aid	1,534,759	\$ 16,472	1,551,231	1,551,231	
Equalization Aid	854,190		854,190	854,190	
Security Aid	50,153		50,153	50,153	
Additional Adjustment Aid	82,223		82,223	82,223	
PARCC Readiness	22,585		22,585	22,585	
Per Pupil Growth Aid	22,585		22,585	22,585	
Prof Learning Com Aid	23,390		23,390	23,390	
Host District Aid	565		565	565	
Extraordinary Aid	250,000		250,000	399,469	149,469
Nonpublic Transportation Aid				24,333	24,333
Lead Testing for School Aid				10,277	10,277
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				2,882,469	2,882,469
NCGI Premium				69,950	69,950
Post-Retirement Medical Contribution				1,906,905	1,906,905
Long Term Disability				3,566	3,566
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,448,687	1,448,687
Total State Sources	3,007,360	16,472	3,023,832	9,519,488	6,495,656
Federal Sources					
Medicaid Reimbursement Program	31,108		31,108	12,826	(18,282)
Impact Aid	150,000	-	150,000	360,072	210,072
Total Federal Sources	181,108	-	181,108	372,898	191,790
Total Revenues	47,952,919	16,472	47,969,391	54,898,392	6,929,001
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	70,692	-	70,692	70,692	-
Kindergarten	854,402	(6,196)	848,206	800,636	47,570
Grades 1-5	6,776,201	23,143	6,799,344	6,510,258	289,086
Grades 6-8	4,060,590	(74,321)	3,986,269	3,828,279	157,990
Regular Programs - Home Instruction					
Salaries of Teachers	28,000	-	28,000	23,378	4,622
Purchased Professional-Educational Services	25,000	4,700	29,700	28,534	1,166
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	305,098	(6,113)	298,985	298,810	175
Purchased Professional-Educational Services	259,496	(189,056)	70,440	55,913	14,527
Other Purchased Services	500	185,565	186,065	163,333	22,732
General Supplies	544,038	338,154	882,192	792,640	89,552
Textbooks	31,900	(28,400)	3,500	2,515	985
Other Objects	30,000	(5,093)	24,907	18,648	6,259
Total Regular Programs	12,985,917	242,383	13,228,300	12,593,636	634,664

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES					
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 332,697	\$ (13,339)	\$ 319,358	\$ 194,594	\$ 124,764
Other Salaries for Instruction	39,261	12,537	51,798	51,797	1
General Supplies	4,750	(2,000)	2,750	2,321	429
Total Learning and/or Language Disabilities	<u>376,708</u>	<u>(2,802)</u>	<u>373,906</u>	<u>248,712</u>	<u>125,194</u>
Behavioral Disabilities					
Salaries of Teachers	255,994	383	256,377	255,981	396
Other Salaries for Instruction	25,480	66,645	92,125	91,896	229
General Supplies	700	400	1,100	497	603
Total Behavioral Disabilities	<u>282,174</u>	<u>67,428</u>	<u>349,602</u>	<u>348,374</u>	<u>1,228</u>
Multiple Disabilities					
Salaries of Teachers	180,823	(272)	180,551	179,384	1,167
Other Salaries for Instruction	69,105	(5,078)	64,027	63,378	649
General Supplies	4,150	1,178	5,328	5,327	1
Other Objects	1,400	(1,051)	349	96	253
Total Multiple Disabilities	<u>255,478</u>	<u>(5,223)</u>	<u>250,255</u>	<u>248,185</u>	<u>2,070</u>
Resource Room					
Salaries of Teachers	3,393,720	(98,425)	3,295,295	2,819,816	475,479
Other Salaries for Instruction	72,931	88,888	161,819	158,081	3,738
General Supplies	9,200	(1,092)	8,108	7,952	156
Total Resource Room	<u>3,475,851</u>	<u>(10,629)</u>	<u>3,465,222</u>	<u>2,985,849</u>	<u>479,373</u>
Autism					
Salaries of Teachers	363,885	52,300	416,185	416,185	-
Other Salaries for Instruction	68,800	40,501	109,301	108,642	659
General Supplies	6,200	4,196	10,396	9,966	430
Other Objects	1,400	(500)	900	175	725
Total Autism	<u>440,285</u>	<u>96,497</u>	<u>536,782</u>	<u>534,968</u>	<u>1,814</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	101,705	(682)	101,023	101,022	1
Other Salaries for Instruction	47,124	(14,196)	32,928	30,941	1,987
General Supplies	2,200	700	2,900	100	2,800
Other Objects	1,000	-	1,000	-	1,000
Total Preschool Disabilities - Part - Time	<u>152,029</u>	<u>(14,178)</u>	<u>137,851</u>	<u>132,063</u>	<u>5,788</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	64,819	1,192	66,011	65,611	400
Other Salaries for Instruction	2,500	43,839	46,339	46,339	-
General Supplies	1,722	(1,200)	522	-	522
Total Preschool Disabilities - Full - Time	<u>69,041</u>	<u>43,831</u>	<u>112,872</u>	<u>111,950</u>	<u>922</u>
Total Special Education - Instruction	<u>5,051,566</u>	<u>174,924</u>	<u>5,226,490</u>	<u>4,610,101</u>	<u>616,389</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 624,162	\$ (3,355)	\$ 620,807	\$ 477,407	\$ 143,400
Total Basic Skills/Remedial	<u>624,162</u>	<u>(3,355)</u>	<u>620,807</u>	<u>477,407</u>	<u>143,400</u>
Bilingual Education					
Salaries of Teachers	207,420	(1,380)	206,040	197,500	8,540
General Supplies	1,290	-	1,290	-	1,290
Total Bilingual Education	<u>208,710</u>	<u>(1,380)</u>	<u>207,330</u>	<u>197,500</u>	<u>9,830</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	28,000	1,067	29,067	28,667	400
Total School Sponsored Co/Extra Curricular Activities	<u>28,000</u>	<u>1,067</u>	<u>29,067</u>	<u>28,667</u>	<u>400</u>
Before/After School Programs					
Supplies and Materials	8,000	(2,000)	6,000	5,165	835
Total Before/After School Programs	<u>8,000</u>	<u>(2,000)</u>	<u>6,000</u>	<u>5,165</u>	<u>835</u>
Community Services Programs					
Salaries	9,500	-	9,500	6,038	3,462
Purchased Services	1,500	(1,000)	500	-	500
Supplies and Materials	2,000	-	2,000	1,114	886
Total Community Services Program	<u>13,000</u>	<u>(1,000)</u>	<u>12,000</u>	<u>7,152</u>	<u>4,848</u>
Total - Instruction	<u>18,919,355</u>	<u>410,639</u>	<u>19,329,994</u>	<u>17,919,628</u>	<u>1,410,366</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	341,265	(29,340)	311,925	98,870	213,055
Tuition to CSSD & Regional Day Schools	99,610	-	99,610	-	99,610
Tuition to Priv. School for the Disabled W/I State	645,952	-	645,952	386,656	259,296
Total Undistributed Expenditures - Instruction	<u>1,086,827</u>	<u>(29,340)</u>	<u>1,057,487</u>	<u>485,526</u>	<u>571,961</u>
Attendance and Social Work					
Salaries	1,525	-	1,525	1,525	-
Purchased Professional and Technical Services	51,000	-	51,000	46,862	4,138
Total Attendance and Social Work	<u>52,525</u>	<u>-</u>	<u>52,525</u>	<u>48,387</u>	<u>4,138</u>
Health Services					
Salaries	503,656	4,228	507,884	507,884	-
Purchased Professional and Technical Services	27,000	1,000	28,000	22,000	6,000
Other Purchased Services	1,700	-	1,700	398	1,302
Supplies and Materials	32,218	(2,888)	29,330	25,616	3,714
Other Objects	2,600	-	2,600	510	2,090
Total Health Services	<u>567,174</u>	<u>2,340</u>	<u>569,514</u>	<u>556,408</u>	<u>13,106</u>
Speech, OT, PT & Related Svcs					
Salaries	3,283,515	(194,255)	3,089,260	3,089,260	-
Purchased Professional -Educational Services	216,800	(5,700)	211,100	79,406	131,694
Other Purchased Services	2,100	700	2,800	2,225	575
Supplies and Materials	10,500	(858)	9,642	8,256	1,386
Other Objects	400	(400)	-	-	-
Total Speech, OT, PT & Related Svcs	<u>3,513,315</u>	<u>(200,513)</u>	<u>3,312,802</u>	<u>3,179,147</u>	<u>133,655</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Student - Extra Services					
Purchased Professional-Educational Services	\$ 25,000	\$ (465)	\$ 24,535	\$ 10,340	\$ 14,195
Total Other Support Services - Student - Extra Services	25,000	(465)	24,535	10,340	14,195
Guidance					
Salaries of Other Professional Staff	563,128	(14,272)	548,856	520,141	28,715
Salaries of Secretarial and Clerical Assistants	52,679	-	52,679	52,679	-
Other Purchased Professional -Technical Services	8,000	27,132	35,132	35,132	-
Other Purchased Services	950	-	950	-	950
Supplies and Materials	600	-	600	-	600
Total Guidance	625,357	12,860	638,217	607,952	30,265
Child Study Teams					
Salaries of Other Professional Staff	1,366,655	90,130	1,456,785	1,411,566	45,219
Salaries of Secretarial and Clerical Assistants	169,432	-	169,432	169,430	2
Other Purchased Professional and Technical Services	20,000	8,965	28,965	28,086	879
Other Purchased Services	9,900	(4,065)	5,835	5,371	464
Supplies and Materials	26,200	21,694	47,894	43,442	4,452
Other Objects	600	-	600	-	600
Total Child Study Teams	1,592,787	116,724	1,709,511	1,657,895	51,616
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	156,093	(14,738)	141,355	134,702	6,653
Salaries of Other Professional Staff	37,000	5,400	42,400	14,420	27,980
Salaries of Secretarial and Clerical Assistants	51,223	-	51,223	51,223	-
Purchased Professional-Educational Services	-	1,800	1,800	1,667	133
Other Purchased Services	63,000	(1,700)	61,300	49,200	12,100
Supplies and Materials	5,000	-	5,000	4,592	408
Other Objects	5,000	-	5,000	4,558	442
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	317,316	(9,238)	308,078	260,362	47,716
Educational Media Services/School Library					
Salaries	340,455	-	340,455	339,008	1,447
Other Purchased Services	24,607	(350)	24,257	18,687	5,570
Supplies and Materials	40,600	(6,150)	34,450	30,942	3,508
Total Educational Media Services/School Library	405,662	(6,500)	399,162	388,637	10,525

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Other Purchased Services	\$ 21,900	\$ 190	\$ 22,090	\$ 7,961	\$ 14,129
Supplies and Materials	27,500	(5,000)	22,500	21,431	1,069
Other Objects	4,000	-	4,000	2,960	1,040
	<u>53,400</u>	<u>(4,810)</u>	<u>48,590</u>	<u>32,352</u>	<u>16,238</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	301,586	(4,098)	297,488	297,487	1
Legal Services	150,000	100,000	250,000	224,749	25,251
Audit Fees	46,600	(1,800)	44,800	44,614	186
Architectural/Engineering Services		2,000	2,000	1,550	450
Other Purchased Professional Services	40,000	(33,207)	6,793	4,898	1,895
Communications/Telephone	130,000	6,563	136,563	134,145	2,418
BOE Other Purchased Services	10,300	(7,342)	2,958	1,204	1,754
Miscellaneous Purchased Services	112,557	175	112,732	104,489	8,243
General Supplies	3,500	(1,539)	1,961	323	1,638
BOE In-House Training and Meeting Supplies	2,500	722	3,222	3,222	-
Miscellaneous Expenditures	15,000	(3,851)	11,149	10,948	201
BOE Membership Dues and Fees	23,000	(582)	22,418	22,297	121
	<u>835,043</u>	<u>57,041</u>	<u>892,084</u>	<u>849,926</u>	<u>42,158</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Dir	918,874	9,130	928,004	928,004	-
Salaries of Secretarial and Clerical Assistants	687,914	(3,790)	684,124	684,124	-
Purchased Professional and Technical Services	23,800	1,339	25,139	25,129	10
Other Purchased Services	14,300	(8,507)	5,793	3,030	2,763
Supplies and Materials	42,550	(10,305)	32,245	28,233	4,012
Other Objects	30,500	(7,047)	23,453	19,514	3,939
	<u>1,717,938</u>	<u>(19,180)</u>	<u>1,698,758</u>	<u>1,688,034</u>	<u>10,724</u>
Total Support Services School Administration					
Central Services					
Salaries	464,187	(27,337)	436,850	436,685	165
Purchased Professional Services		2,187	2,187	2,187	-
Purchased Technical Services	27,370	6,784	34,154	30,702	3,452
Misc. Purchased Services	7,150	(2,410)	4,740	2,212	2,528
Supplies and Materials	16,300	(3,492)	12,808	8,915	3,893
Miscellaneous Expenditures	3,000	-	3,000	2,640	360
	<u>518,007</u>	<u>(24,268)</u>	<u>493,739</u>	<u>483,341</u>	<u>10,398</u>
Total Central Services					

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 393,881		\$ 393,881	\$ 376,634	\$ 17,247
Purchased Technical Services	259,507	\$ (67,273)	192,234	151,547	40,687
Other Purchased Services	4,000	-	4,000	836	3,164
Supplies and Materials	208,648	208,385	417,033	309,735	107,298
Other Objects	2,750	1,820	4,570	2,833	1,737
	<u>868,786</u>	<u>142,932</u>	<u>1,011,718</u>	<u>841,585</u>	<u>170,133</u>
Total Admin. Info. Tech					
Required Maintenance for School Facilities					
Salaries	475,827	(28,717)	447,110	447,076	34
Cleaning, Repair and Maintenance	319,700	(45,058)	274,642	192,683	81,959
General Supplies	260,000	62,104	322,104	234,503	87,601
Other Objects	1,075	(200)	875	10	865
	<u>1,056,602</u>	<u>(11,871)</u>	<u>1,044,731</u>	<u>874,272</u>	<u>170,459</u>
Total Required Maintenance for School Facilities					
Custodial Services					
Salaries	1,347,995	33,195	1,381,190	1,371,231	9,959
Purchased Professional & Technical Svcs.	95,000	(2,500)	92,500	79,596	12,904
Cleaning, Repair and Maintenance Services	297,000	(4,468)	292,532	228,844	63,688
Rental of Land and Bldg. Other than Lease Purchase Agreement	1	-	1	1	1
Other Purchased Property Services	44,975	-	44,975	27,849	17,126
Insurance	165,154	-	165,154	154,199	10,955
Miscellaneous Purchased Services	6,000	500	6,500	5,120	1,380
General Supplies	110,000	28,189	138,189	135,429	2,760
Energy (Natural Gas)	276,000	-	276,000	205,410	70,590
Energy (Electricity)	398,000	8,116	406,116	289,256	116,860
Energy (Oil)	110,000	(36,616)	73,384	71,390	1,994
Other Objects	300	-	300	125	175
	<u>2,850,425</u>	<u>26,416</u>	<u>2,876,841</u>	<u>2,568,449</u>	<u>308,392</u>
Total Custodial Services					
Care and Upkeep of Grounds					
General Supplies	30,000	-	30,000	18,159	11,841
	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>18,159</u>	<u>11,841</u>
Total Care and Upkeep of Grounds					
Security					
Salaries	32,865	1,788	34,653	34,652	1
General Supplies	3,000	184,024	187,024	142,024	45,000
	<u>35,865</u>	<u>185,812</u>	<u>221,677</u>	<u>176,676</u>	<u>45,001</u>
Total Security					
Total Oper & Maint of Plant Services	<u>3,972,892</u>	<u>200,357</u>	<u>4,173,249</u>	<u>3,637,556</u>	<u>535,693</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 1,131,922	\$ (96,213)	\$ 1,035,709	\$ 1,035,707	\$ 2
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	238,194	36,217	274,411	274,411	-
Salaries for Pupil Transportation (Other than Between Home and School)	22,530	23,316	45,846	45,846	-
Salaries for Pupil Transportation (Between Home and School) - Non-Public	38,000	57,434	95,434	94,990	444
Cleaning, Repair and Maintenance Services	38,200	6,148	44,348	27,027	17,321
Lease Purchase Payments - School Buses	492,153	-	492,153	399,057	93,096
Contracted Services-Aid in Lieu of Payments-Nonpublic	100,000	(31,334)	68,666	67,649	1,017
Contracted Services (Bet. Home & Sch)-Joint Agrmnts	525	-	525	-	525
Contracted Services - ESC & CTSA (Special Ed. Students)	220,000	(31,000)	189,000	181,462	7,538
Miscellaneous Purchased Services - Transportation	57,050	(43)	57,007	54,794	2,213
General Supplies	10,000	(5,874)	4,126	3,232	894
Transportation Supplies	281,700	48,088	329,788	273,436	56,352
Other Objects	4,200	(200)	4,000	3,485	515
Total Student Transportation Services	2,634,474	6,539	2,641,013	2,461,096	179,917
Unallocated Benefits					
Group Insurance	30,000	19,790	49,790	1,143	48,647
Social Security Contributions	750,000	-	750,000	701,809	48,191
Other Retirement Contributions - PERS	686,632	(1,017)	685,615	684,740	875
Other Retirement Contributions - DCRP	80,000	1,017	81,017	74,420	6,597
Unemployment	5,000	-	5,000	5,000	-
Workers Compensation	320,260	-	320,260	268,150	52,110
Health Benefits	8,282,666	(19,790)	8,262,876	7,864,652	398,224
Tuition Reimbursement	110,000	1,526	111,526	94,267	17,259
Other Employee Benefits	386,825	1,200	388,025	248,673	139,352
Total Unallocated Benefits	10,651,383	2,726	10,654,109	9,942,854	711,255
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				2,882,469	(2,882,469)
NCGI Premium				69,950	(69,950)
Post-Retirement Medical Contribution				1,906,905	(1,906,905)
Long Term Disability				3,566	(3,566)
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	1,448,687	(1,448,687)
Total On-Behalf TPAF	-	-	-	6,311,577	(6,311,577)
Total Undistributed Expenditures	29,437,886	247,205	29,685,091	33,442,975	(3,757,884)
Total Expenditures - Current Expense	48,357,241	657,844	49,015,085	51,362,603	(2,347,518)

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY					
Instruction					
Equipment					
Grades 6-8	\$ 2,000	\$ 2,000	\$ 4,000	\$ 3,500	\$ 500
School Administration	2,000	(2,000)			-
Administrative Information Technology	60,000	37,391	97,391	68,220	29,171
Required Maintenance for School Facilities	225,000	(14,732)	210,268	80,564	129,704
Custodial Services	11,170	192,311	203,481	105,019	98,462
Security	199,370	(114,000)	85,370	85,370	85,370
Student Transportation-Non-Instructional Equipment	50,000	82,733	132,733	106,733	26,000
Equipment	8,000	-	8,000	-	8,000
Total Equipment	<u>557,540</u>	<u>183,703</u>	<u>741,243</u>	<u>364,036</u>	<u>377,207</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		245,000	245,000	189,873	55,127
Construction Services	3,456,250	(204,350)	3,251,900	2,207,259	1,044,641
Assessment for Debt Service on SDA Funding	1,830	-	1,830	1,830	-
Total Facilities Acquisition and Construction Services	<u>3,458,080</u>	<u>40,650</u>	<u>3,498,730</u>	<u>2,398,962</u>	<u>1,099,768</u>
Total Capital Outlay	<u>4,015,620</u>	<u>224,353</u>	<u>4,239,973</u>	<u>2,762,998</u>	<u>1,476,975</u>
Transfer of Funds to Charter Schools	-	29,340	29,340	29,340	-
Total Expenditures	<u>52,372,861</u>	<u>911,537</u>	<u>53,284,398</u>	<u>54,154,941</u>	<u>(870,543)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,419,942)</u>	<u>(895,065)</u>	<u>(5,315,007)</u>	<u>743,451</u>	<u>6,058,458</u>
Other Financing Sources/(Uses)					
Transfer In	-	-	-	2,000	2,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	<u>(4,419,942)</u>	<u>(895,065)</u>	<u>(5,315,007)</u>	<u>745,451</u>	<u>6,060,458</u>
Fund Balances, Beginning of Year	<u>10,401,737</u>	<u>-</u>	<u>10,401,737</u>	<u>10,401,737</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,981,795</u>	<u>\$ (895,065)</u>	<u>\$ 5,086,730</u>	<u>\$ 11,147,188</u>	<u>\$ 6,060,458</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus				\$ 655,509	
Excess Surplus - Designated for Subsequent Year's Expenditures				637,752	
Capital Reserve				5,044,585	
Capital Reserve - Designated for Subsequent Year's Expenditures				2,727,750	
Assigned Fund Balance:					
Year-End Encumbrances				590,851	
Unassigned Fund Balance				<u>1,490,741</u>	
Budgetary Fund Balance				11,147,188	
Reconciliation to Governmental Funds Statements (GAAP)					
2017/2018 State Aid Payment Not Recognized on a GAAP Basis				(269,051)	
2017/2018 Extraordinary Aid Payments Not Recognized on a GAAP Basis				<u>(399,469)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 10,478,668</u>	

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Local Sources		\$ 1,000	\$ 1,000	\$ 1,000	
Intergovernmental					
State		5,699	5,699	2,110	\$ (3,589)
Federal	\$ 578,091	170,199	748,290	745,319	(2,971)
Total Revenues	578,091	176,898	754,989	748,429	(6,560)
EXPENDITURES					
Instruction					
Salaries of Teachers		57,247	57,247	57,247	
Purchased Prof. & Technical Services	10,125	(2,527)	7,598	4,009	3,589
Tuition	473,901	111,299	585,200	585,200	
Textbooks		438	438	438	
General Supplies	57,569	(21,215)	36,354	33,525	2,829
Total Instruction	541,595	145,242	686,837	680,419	6,418
Support Services					
Salaries of Teachers		15,613	15,613	15,613	
Personal Services - Employee Benefits		5,574	5,574	5,574	
Purchased Professional/Educational Services		34,200	34,200	34,200	
Other Purchased Services		1,565	1,565	1,565	
General Supplies	36,496	(25,296)	11,200	11,058	142
Total Support Services	36,496	31,656	68,152	68,010	142
Total Expenditures	578,091	176,898	754,989	748,429	6,560
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 54,898,392	(C-2)	\$ 748,429
Differences - Budget to GAAP:				
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.				
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2016/2017 State Aid)		861,072		
State Aid Payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)		<u>(668,520)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 55,090,944</u>	(B-2)	<u>\$ 748,429</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 54,154,941	(C-2)	\$ 748,429
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 54,154,941</u>	(B-2)	<u>\$ 748,429</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST EMPLOYMENT BENEFIT INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.07321	%	0.07356	%	0.07976	%	0.07794	%	0.08023	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,042,433		\$ 21,787,111		\$ 17,904,859		\$ 14,593,337		\$ 15,334,443	
District's Covered-Employee Payroll	\$ 4,916,215		\$ 4,972,202		\$ 5,199,311		\$ 5,356,899		\$ 5,440,927	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	346.66	%	438.18	%	344.37	%	272.42	%	281.84	%
∞ ~ Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

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

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 684,740	\$ 655,947	\$ 685,735	\$ 642,768	\$ 604,552
Contributions in Relation to the Contractually Required Contribution	<u>684,740</u>	<u>655,947</u>	<u>685,735</u>	<u>642,768</u>	<u>604,552</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,916,215	\$ 4,972,202	\$ 5,199,311	\$ 5,356,899	\$ 5,440,927
Contributions as a Percentage of Covered-Employee Payroll	13.93 %	13.19 %	13.19 %	12.00 %	11.11 %

∞
∞

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 129,495,494</u>	<u>\$ 148,841,709</u>	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
Total	<u>\$ 129,495,494</u>	<u>\$ 148,841,709</u>	<u>\$ 120,503,655</u>	<u>\$ 100,475,266</u>	<u>\$ 104,608,863</u>
District's Covered-Employee Payroll	\$ 20,347,948	\$ 20,175,818	\$ 19,441,773	\$ 18,937,698	\$ 18,727,508
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0 %	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41 %	22.33 %	28.71 %	33.64 %	33.76 %

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

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 4,984,155
Interest on Total OPEB Liability	3,821,106
Changes of Assumptions	(15,919,217)
Gross Benefit Payments	(2,514,769)
Contribution from the Member	92,600
Net Change in Total OPEB Liability	(9,536,125)
Total OPEB Liability - Beginning	130,031,761
Total OPEB Liability - Ending	120,495,636
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	120,495,636
Total OPEB Liability - Ending	\$ 120,495,636
District's Covered-Employee Payroll	\$ 25,264,163
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>IDEA, Part B Basic</u>	<u>IDEA, Part B Preschool</u>	<u>Total Exhibit E-1A</u>	<u>Total 2018</u>
REVENUES									
Local								\$ 1,000	\$ 1,000
Intergovernmental									
State								2,110	2,110
Federal	\$ 82,928	\$ 32,400	\$ 24,955	\$ 9,516	\$ 10,320	\$ 554,093	\$ 31,107	-	745,319
Total Revenues	\$ 82,928	\$ 32,400	\$ 24,955	\$ 9,516	\$ 10,320	\$ 554,093	\$ 31,107	\$ 3,110	\$ 748,429
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 44,608		\$ 10,892	\$ 1,747					\$ 57,247
Purchased Professional & Technical Svcs.			3,655		\$ 354				4,009
Tuition						\$ 554,093	\$ 31,107		585,200
Textbooks								\$ 438	438
General Supplies	16,850	-	3,367	6,016	4,870	-	-	2,422	33,525
Total Instruction	61,458	-	17,914	7,763	5,224	554,093	31,107	2,860	680,419
Support Services									
Salaries of Teachers	15,613								15,613
Personal Services - Employee Benefits	4,607		833	134					5,574
Purchased Professional/ Educational Svcs.		\$ 32,400			1,800				34,200
Other Purchased Services			1,315					250	1,565
General Supplies	1,250	-	4,893	1,619	3,296	-	-	-	11,058
Total Support Services	21,470	32,400	7,041	1,753	5,096	-	-	250	68,010
Total Expenditures	\$ 82,928	\$ 32,400	\$ 24,955	\$ 9,516	\$ 10,320	\$ 554,093	\$ 31,107	\$ 3,110	\$ 748,429

Continued

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic Security <u>Aid</u>	Nonpublic Technology <u>Aid</u>	Nonpublic Textbook <u>Aid</u>	Nonpublic Nursing <u>Aid</u>	Local <u>MSU</u>	Total Exhibit <u>E-2A</u>
REVENUES						
Local					\$ 1,000	\$ 1,000
Intergovernmental						
State	\$ 600	\$ 296	\$ 438	\$ 776		2,110
Federal	-	-	-	-		-
Total Revenues	<u>\$ 600</u>	<u>\$ 296</u>	<u>\$ 438</u>	<u>\$ 776</u>	<u>\$ 1,000</u>	<u>\$ 3,110</u>
EXPENDITURES						
Instruction						
Salaries of Teachers						
Purchased Professional & Educational Svcs.						
Tuition						
Textbooks			\$ 438			\$ 438
General Supplies	\$ 600	\$ 296	-	\$ 526	\$ 1,000	2,422
Total Instruction	<u>600</u>	<u>296</u>	<u>438</u>	<u>526</u>	<u>1,000</u>	<u>2,860</u>
Support Services						
Salaries of Other Professional Staff						
Personal Services- Employee Benefits						
Purchased Professional/Educational Svcs.						
Purchased Professional & Technical Svc.						
Other Purchased Service				250		250
Supplies and Materials	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total Expenditures	<u>\$ 600</u>	<u>\$ 296</u>	<u>\$ 438</u>	<u>\$ 776</u>	<u>\$ 1,000</u>	<u>\$ 3,110</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Year</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2018</u>
#1 Birchwood Elementary School-HVAC Upgrade - 2017	\$ 1,033,534	\$ 983,801	\$ 47,733	\$ 2,000	
#2 Stony Brook Elementary School - HVAC Upgrade - 2019	<u>1,697,000</u>	<u>-</u>	<u>67,963</u>	<u>-</u>	\$ <u>1,629,037</u>
Totals	<u>\$ 2,730,534</u>	<u>\$ 983,801</u>	<u>\$ 115,696</u>	<u>\$ 2,000</u>	<u>\$ 1,629,037</u>
Project Balance - Budgetary Basis					\$ 1,629,037
Less Unearned Revenue					<u>(1,697,000)</u>
Fund Balance - GAAP Basis					<u>\$ (67,963)</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Capital Projects:					
Year End Encumbrances					\$ 1,629,037
Available for Capital Projects					<u>(1,697,000)</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ (67,963)</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ -
Total Revenues and Other Financing Sources	-
Expenditures and Other Financing Uses	
Construction Services	115,696
Other Financing Uses - Transfer to Capital Reserve	2,000
Total Expenditures and Other Financing Uses	117,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,696)
Fund Balance - Beginning of Year	49,733
Fund Balance - End of Year - Budgetary Basis	\$ (67,963)
<u>Reconciliation to Governmental Fund Statements (GAAP)</u>	
Fund Balance - End of Year - Budgetary Basis	\$ (67,963)
Less Unearned Revenue	-
Fund Balance - End of Year - GAAP	\$ (67,963)

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
BIRCHWOOD ELEMENTARY SCHOOL-HVAC UPGRADE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Transfer from Capital Reserve	\$ 1,033,534	-	\$ (2,000)	\$ 1,031,534	\$ 1,031,534
Total Revenues	<u>1,033,534</u>	<u>-</u>	<u>(2,000)</u>	<u>1,031,534</u>	<u>1,031,534</u>
Expenditures and Other Financing Uses					
Architect Engineer	69,000			69,000	69,000
Construction Services	914,801	\$ 47,733	-	962,534	962,534
Total Expenditures	<u>983,801</u>	<u>47,733</u>	<u>-</u>	<u>1,031,534</u>	<u>1,031,534</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 49,733</u>	<u>\$ (47,733)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 1,033,534
Reduced Authorized Cost	\$ (2,000)
Revised Authorized Cost	\$ 1,031,534
Percentage Decrease Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	October 2016
Revised Target Completion Date	October 2017

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
STONY BROOK ELEMENTARY SCHOOL - HVAC UPGRADE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	-	-	\$ 1,697,000
Total Revenues	-	-	-	1,697,000
Expenditures and Other Financing Uses				
Architect Engineer			-	
Construction Services	-	\$ 67,963	\$ 67,963	1,697,000
Total Expenditures	-	67,963	67,963	1,697,000
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ (67,963)	\$ (67,963)	\$ -
Additional Project Information:				
Project Number	N/A			
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 1,697,000			
Reduced Authorized Cost				
Revised Authorized Cost	\$ 1,697,000			
Percentage Decrease Over Original Authorized Cost				
Percentage Completion	0.04%			
Original Target Completion Date	October 2018			
Revised Target Completion Date	October 2018			

PROPRIETARY FUNDS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 37,613	\$ 5,569	\$ 43,182
Prepaid Expense	<u>1,485</u>	<u>-</u>	<u>1,485</u>
Total Assets	<u>39,098</u>	<u>5,569</u>	<u>44,667</u>
LIABILITIES			
Unearned Revenue	<u>31,983</u>	<u>-</u>	<u>31,983</u>
Total Liabilities	<u>31,983</u>	<u>-</u>	<u>31,983</u>
NET POSITION			
Unrestricted	<u>7,115</u>	<u>5,569</u>	<u>12,684</u>
Total Net Position	<u>\$ 7,115</u>	<u>\$ 5,569</u>	<u>\$ 12,684</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
OPERATING REVENUES			
Local Sources			
Program Fees	\$ 51,158	\$ 46,709	\$ 97,867
 Total Operating Revenues	<u>51,158</u>	<u>46,709</u>	<u>97,867</u>
 OPERATING EXPENSES			
Salaries and Wages	41,786	46,191	87,977
Transportation	2,000		2,000
Supplies and Materials	2,446	833	3,279
 Total Operating Expenses	<u>46,232</u>	<u>47,024</u>	<u>93,256</u>
 Operating Income/(Loss)	<u>4,926</u>	<u>(315)</u>	<u>4,611</u>
 NON OPERATING REVENUES			
Interest Income	19	-	19
 Total Non Operating Revenues	<u>19</u>	<u>-</u>	<u>19</u>
 Change in Net Position	4,945	(315)	4,630
Total Net Position, Beginning of Year	<u>2,170</u>	<u>5,884</u>	<u>8,054</u>
Total Net Position, End of Year	<u>\$ 7,115</u>	<u>\$ 5,569</u>	<u>\$ 12,684</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Summer Enrichment</u>	<u>After School Program</u>	<u>Non-Major Enterprise Fund Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 34,618	\$ 46,709	\$ 81,327
Cash Payments for Employees			
Salaries & Benefits	(41,786)	(46,191)	(87,977)
Cash Payments to Suppliers for Goods and Services	<u>(5,700)</u>	<u>(833)</u>	<u>(6,533)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(12,868)</u>	<u>(315)</u>	<u>(13,183)</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Interest Income	<u>19</u>	<u>-</u>	<u>19</u>
Net Cash Provided by Investing Activities	<u>19</u>	<u>-</u>	<u>19</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(12,849)	(315)	(13,164)
Cash and Cash Equivalents, Beginning of Year	<u>50,462</u>	<u>5,884</u>	<u>56,346</u>
Cash and Cash Equivalents, End of Year	<u>\$ 37,613</u>	<u>\$ 5,569</u>	<u>\$ 43,182</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income/(Loss)	\$ 4,926	\$ (315)	\$ 4,611
Adjustments to Reconcile Operating Change in Assets and Liabilities			
(Increase)/Decrease in Prepaid Sales	(1,254)		(1,254)
Increase/(Decrease) in Unearned Revenue	<u>(16,540)</u>	<u>-</u>	<u>(16,540)</u>
Total Adjustments	<u>(17,794)</u>	<u>-</u>	<u>(17,794)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (12,868)</u>	<u>\$ (315)</u>	<u>\$ (13,183)</u>

EXHIBIT G-4

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

4
FIDUCIARY FUNDS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 118,995	\$ 223,608	\$ 342,603
Total Assets	<u>\$ 118,995</u>	<u>\$ 223,608</u>	<u>\$ 342,603</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 210,242	\$ 210,242
Accrued Salaries and Wages		1,091	1,091
Flex Spending Deposits		12,275	12,275
Due to Family Outreach	\$ 257		257
Due to Student Groups	<u>118,738</u>	<u>-</u>	<u>118,738</u>
Total Liabilities	<u>\$ 118,995</u>	<u>\$ 223,608</u>	<u>\$ 342,603</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Elementary and Middle Schools				
Birchwood	\$ 664	\$ 1,688	\$ 128	\$ 2,224
Copeland Middle School	85,077	222,404	234,954	72,527
C.A. Dwyer	22,697	7,163	11,200	18,660
K.D. Malone	4,924	2,607	3,639	3,892
Dennis B. O'Brien	8,253	8,429	8,092	8,590
Stony Brook	<u>14,059</u>	<u>3,022</u>	<u>4,236</u>	<u>12,845</u>
Sub-Total All Schools	135,674	245,313	262,249	118,738
Family Outreach Program	<u>277</u>	<u>-</u>	<u>20</u>	<u>257</u>
Total Student Activities	<u>\$ 135,951</u>	<u>\$ 245,313</u>	<u>\$ 262,269</u>	<u>\$ 118,995</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Payroll Deductions and Withholdings	\$ 206,158	\$ 16,154,272	\$ 16,150,188	\$ 210,242
Accrued Salaries and Wages		17,599,557	17,599,557	
Summer Savings Deposits	294	1,014,755	1,013,958	1,091
Flex Spending Deposits	<u>7,891</u>	<u>48,746</u>	<u>44,362</u>	<u>12,275</u>
Total	<u>\$ 214,343</u>	<u>\$ 34,817,330</u>	<u>\$ 34,808,065</u>	<u>\$ 223,608</u>

LONG-TERM DEBT

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
2014 Bus Leases	2.10%	418,682	\$ 85,484		\$ 85,484	
2015 Bus Leases	2.10%	542,628	219,236		108,479	\$ 110,757
2016 Bus Leases	2.10%	546,936	328,067		107,091	220,976
2016 Xerox	0.00%	535,777	357,218		107,195	250,023
2016 Copiers	0.00%	218,940	145,960		43,788	102,172
2017 Bus Leases	2.10%	161,841	128,114		31,037	97,077
2018 Bus Leases	2.10%	244,792	<u>193,778</u>	<u>-</u>	<u>46,945</u>	<u>146,833</u>
			<u>\$ 1,457,857</u>	<u>\$ -</u>	<u>\$ 530,019</u>	<u>\$ 927,838</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 409,259		\$ 409,259	\$ 409,259	\$ -
State Sources					
Debt Service State Aid Support	<u>132,941</u>	<u>-</u>	<u>132,941</u>	<u>132,941</u>	<u>-</u>
Total Revenues	<u>542,200</u>	<u>-</u>	<u>542,200</u>	<u>542,200</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	410,000	\$ -	410,000	410,000	
Interest	<u>132,200</u>	<u>-</u>	<u>132,200</u>	<u>132,200</u>	<u>-</u>
Total Expenditures	<u>542,200</u>	<u>-</u>	<u>542,200</u>	<u>542,200</u>	<u>-</u>
Excess /(Deficit) of Revenue and Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>12,485</u>	<u>-</u>	<u>12,485</u>	<u>12,485</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,485</u>	<u>\$ -</u>	<u>\$ 12,485</u>	<u>\$ 12,485</u>	<u>\$ -</u>
				<u>\$ 12,485</u>	
					Debt Service - Restricted

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017	2018
Governmental Activities										
Investment in Capital Assets	\$ 11,476,650	\$ 11,884,590	\$ 11,737,679	\$ 12,834,344	\$13,981,031	\$ 14,482,456	\$ 15,244,110	\$ 18,497,801	\$ 20,449,774	\$ 22,198,337
Restricted	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971	6,179,985	7,784,820
Unrestricted	(216,947)	(1,223,333)	(210,358)	128,593	11,903	(14,086,870)	(13,744,513)	(13,863,773)	(15,085,047)	(16,357,648)
Total Governmental Activities Net Position	\$ 14,208,579	\$ 12,613,490	\$ 13,367,932	\$ 16,961,928	\$ 20,491,632	\$ 6,859,107	\$ 8,453,259	\$ 10,739,999	\$ 11,544,712	\$ 13,625,509
Business-Type Activities										
Investment in Capital Assets	\$ 91,178	\$ 80,412	\$ 70,784	\$ 168,857	\$ 167,865	\$ 159,690	\$ 113,012	\$ 88,777	\$ 172,442	\$ 189,907
Unrestricted	59,881	121,401	188,357	145,174	154,782	201,363	254,490	278,159	175,297	139,047
Total Business-Type Activities Net Position	\$ 151,059	\$ 201,813	\$ 259,141	\$ 314,031	\$ 322,647	\$ 361,053	\$ 367,502	\$ 366,936	\$ 347,739	\$ 328,954
District-Wide										
Investment in Capital Assets	\$ 11,567,828	\$ 11,965,002	\$ 11,808,463	\$ 13,003,201	\$14,148,896	\$ 14,642,146	\$ 15,357,122	\$ 18,586,578	\$ 20,622,216	\$ 22,388,244
Restricted	2,948,876	1,952,233	1,840,611	3,998,991	6,498,698	6,463,521	6,953,662	6,105,971	6,179,985	7,784,820
Unrestricted	(157,066)	(1,101,932)	(22,001)	273,767	166,685	(13,885,507)	(13,490,023)	(13,585,614)	(14,909,750)	(16,218,601)
Total District Net Position	\$ 14,359,638	\$ 12,815,303	\$ 13,627,073	\$ 17,275,959	\$ 20,814,279	\$ 7,220,160	\$ 8,820,761	\$ 11,106,935	\$ 11,892,451	\$ 13,954,463

Source: District's Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2013	2014	2015	2016	2017	2018	
Expenses										
Governmental activities										
Instruction										
Regular	\$ 17,499,352	\$ 18,153,736	\$ 15,953,861	\$ 15,507,225	\$ 16,548,211	\$ 19,361,831	\$ 21,316,919	\$ 23,382,377	\$ 25,479,101	
Special Education	7,728,645	7,580,303	7,509,447	7,567,684	8,718,761	9,978,559	10,011,955	10,938,722	10,741,972	
Other Special Education	911,348	974,195	1,529,569	1,026,511	1,031,408	1,404,875	1,429,835	1,655,602	1,253,641	
Other Instruction	404,031	291,245	166,522	54,948	62,639	49,756	56,636	60,424	58,401	
Support Services:										
Tuition	762,478	1,484,917	1,144,983	1,574,261						
Student & Instruction related services	6,946,562	6,862,779	6,776,667	8,422,006	8,672,303	10,542,966	11,314,387	12,757,414	13,342,823	
General Administration Services	1,044,082	1,008,390	777,294	992,814	953,174	926,012	1,569,870	2,187,221	1,381,039	
School Administration Services	2,526,116	2,712,353	2,621,277	2,585,976	2,613,408	2,653,402	2,774,543	2,576,655	3,281,178	
Administrative Information Technology	649,732	734,522	682,089	600,772	711,255	811,630	834,893	809,171	1,125,548	
Central Services	679,380	690,917	765,825	647,484	704,301	749,794	754,374	802,796	853,827	
Plant Operations and Maintenance	4,813,407	4,794,236	4,674,207	4,254,749	4,874,723	4,573,632	4,484,489	4,515,865	4,899,077	
Pupil Transportation	3,010,754	3,126,101	2,933,411	2,951,734	3,238,690	3,156,987	2,549,796	3,182,434	3,094,941	
Capital Outlay	51,639	272,212	75,657	1,830						
Special Schools	160,493	44,501								
Interest on Long-term Debt	310,670	297,501	284,346	256,702	305,575	262,028	188,673	86,439	99,056	
Unallocated Depreciation	556,943	654,880	654,880	655,345	-	-	-	-	-	
Total governmental activities expenses	48,055,632	49,682,788	46,550,035	47,100,041	48,434,448	54,471,472	57,286,370	62,955,120	65,610,604	
Business-type activities:										
Proprietary Funds	875,247	814,667	772,656	751,708	720,211	784,622	852,381	863,879	853,901	
Total business-type activities expense	875,247	814,667	772,656	751,708	720,211	784,622	852,381	863,879	853,901	
Total district expenses	\$ 48,930,879	\$ 50,497,455	\$ 47,322,691	\$ 47,851,749	\$ 49,154,659	\$ 55,256,094	\$ 58,138,751	\$ 63,818,999	\$ 66,464,505	
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 202,225	\$ 86,567	\$ 56,630	\$ 20,323	\$ 136,697	\$ 283,766	\$ 247,926	\$ 235,004	\$ 170,800	
Pupil Transportation	3,895	4,479	1,768	6,617	7,436	8,938	19,957	115,128	163,193	
Operating grants and contributions	6,293,411	6,763,967	5,688,248	7,785,153	6,550,301	11,583,723	13,814,981	17,514,108	20,693,087	
Operating grants and contributions	-	-	-	-	320,426	139,166	318,487	90,620	61,780	
Total governmental activities program revenues	6,499,531	6,855,013	5,746,646	7,812,093	7,014,860	12,015,593	14,401,351	17,954,860	21,088,860	
Business-type activities:										
Charges for services	\$ 694,049	\$ 675,403	\$ 644,680	\$ 548,724	\$ 533,003	\$ 576,520	\$ 620,070	\$ 613,464	\$ 619,496	
Operating grants and contributions	162,450	189,857	185,111	211,564	225,416	214,343	231,450	230,893	214,902	
Total business type activities program revenues	856,499	865,260	829,791	760,288	758,419	790,863	851,520	844,357	834,398	
Total district program revenues	\$ 7,356,030	\$ 7,720,273	\$ 6,576,437	\$ 8,572,381	\$ 7,773,279	\$ 12,806,456	\$ 15,252,871	\$ 18,799,217	\$ 21,923,258	

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

	Fiscal Year Ended June 30,								
	2009	2010	2011	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue									
Governmental activities	\$ (41,556,101)	\$ (42,827,775)	\$ (40,803,389)	\$ (39,287,948)	\$ (41,419,588)	\$ (42,455,879)	\$ (42,885,019)	\$ (45,000,260)	\$ (44,521,744)
Business-type activities	(18,748)	50,593	57,135	8,580	38,208	6,241	(861)	(19,522)	(19,503)
Total district-wide net expense	<u>\$ (41,574,849)</u>	<u>\$ (42,777,182)</u>	<u>\$ (40,746,254)</u>	<u>\$ (39,279,368)</u>	<u>\$ (41,381,380)</u>	<u>\$ (42,449,638)</u>	<u>\$ (42,885,880)</u>	<u>\$ (45,019,782)</u>	<u>\$ (44,541,247)</u>
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes levied	\$ 38,308,060	\$ 38,637,775	\$ 40,194,736	\$ 40,625,927	\$ 41,032,186	\$ 41,819,183	\$ 42,655,566	\$ 43,508,678	\$ 44,378,851
Taxes Levied for Debt Service	484,344	471,605	486,551	462,334	451,164	436,296	425,275	410,560	409,259
Unrestricted State and Federal Aid	1,712,585	1,978,560	710,376	1,023,189	1,443,258	1,534,100	1,393,820	1,380,823	1,388,328
Unrestricted State Aid for Debt Service Principal							138,206	133,423	132,941
Miscellaneous income	260,355	144,746	166,168	299,499	181,862	245,334	544,113	351,544	264,163
Interest					13,036	15,118	14,779	19,945	28,999
Cancellation of Prior Year Accounts Payable				406,703					
Total governmental activities	<u>40,765,344</u>	<u>41,232,686</u>	<u>41,557,831</u>	<u>42,817,652</u>	<u>43,121,506</u>	<u>44,050,031</u>	<u>45,171,759</u>	<u>45,804,973</u>	<u>46,602,541</u>
Business-type activities:									
Investment earnings	398	161	193	36	198	208	295	325	718
Total business-type activities	<u>398</u>	<u>161</u>	<u>193</u>	<u>36</u>	<u>198</u>	<u>208</u>	<u>295</u>	<u>325</u>	<u>718</u>
Total district-wide	<u>\$ 40,765,742</u>	<u>\$ 41,232,847</u>	<u>\$ 41,558,024</u>	<u>\$ 42,817,688</u>	<u>\$ 43,121,704</u>	<u>\$ 44,050,239</u>	<u>\$ 45,172,054</u>	<u>\$ 45,805,298</u>	<u>\$ 46,603,259</u>
Change in Net Position									
Governmental activities	\$ (790,757)	\$ (1,595,089)	\$ 754,442	\$ 3,529,704	\$ 1,701,918	\$ 1,594,152	\$ 2,286,740	\$ 804,713	\$ 2,080,797
Business-type activities	(18,350)	50,754	57,328	8,616	38,406	6,449	(566)	(19,197)	(18,785)
Total district	<u>\$ (809,107)</u>	<u>\$ (1,544,335)</u>	<u>\$ 811,770</u>	<u>\$ 3,538,320</u>	<u>\$ 1,740,324</u>	<u>\$ 1,600,601</u>	<u>\$ 2,286,174</u>	<u>\$ 785,516</u>	<u>\$ 2,062,012</u>

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,948,876	\$ 1,367,449								
Unreserved	1,332,258	897,900								
Restricted			\$ 1,431,236	\$ 3,998,990	\$ 6,498,696	\$ 7,756,121	\$ 8,228,241	\$ 8,082,566	\$ 7,569,574	\$ 9,065,596
Assigned			409,374	625,271	374,802	371,703	426,892	740,061	895,319	590,851
Unassigned			1,036,691	984,611	1,161,679	632,449	701,389	722,563	1,075,772	822,221
Total general fund	\$ 4,281,134	\$ 2,265,349	\$ 2,877,301	\$ 5,608,872	\$ 8,035,177	\$ 8,760,273	\$ 9,356,522	\$ 9,545,190	\$ 9,540,665	\$ 10,478,668
All Other Governmental Funds										
Unreserved	\$ 1	\$ 1								
Assigned										
Restricted			\$ 1	\$ 1	\$ 2	\$ 350,135	\$ 890,337	\$ (57,547)	\$ 12,485	\$ 12,485
Unassigned									(12,047)	(67,963)
Total All Other Governmental Funds	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 350,135	\$ 890,337	\$ (57,547)	\$ 438	\$ (55,478)

Source: District's Financial Records

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 38,792,404	\$ 39,109,380	\$ 40,681,287	\$ 41,023,709	\$ 41,088,261	\$ 41,483,350	\$ 42,255,479	\$ 43,080,841	\$ 43,919,238	\$ 44,788,110
Tuition	202,225	86,567	56,630		20,323	136,697	283,766	247,926	235,004	170,800
Transportation Fees - Other LEAs	3,895	4,479	1,768	1,093	6,617			19,957	115,128	163,193
Interest Earned - Capital Reserve	28,337	4,238	2,349	3,824	6,910			14,779	19,945	28,999
Miscellaneous	232,018	140,508	163,819	151,086	306,739	211,234	278,078	544,813	352,544	265,163
State sources	7,161,176	6,822,610	5,219,073	6,365,013	7,143,746	7,285,607	7,771,691	8,551,420	8,978,550	9,908,871
Federal sources	844,820	1,919,917	1,179,551	1,183,379	1,650,446	1,019,478	1,100,862	1,215,029	1,116,367	1,118,217
Total revenue	47,264,875	48,087,699	47,304,477	48,728,104	50,223,042	50,136,366	51,689,876	53,674,765	54,736,776	56,443,353
Expenditures										
Instruction										
Regular Instruction	13,010,828	12,785,151	10,927,376	10,646,713	10,840,108	16,262,126	16,408,429	18,060,681	18,225,055	19,325,368
Special Education Instruction	5,794,144	5,260,078	4,957,083	4,832,609	5,036,368	8,549,832	8,673,915	8,495,107	8,735,396	8,286,774
Other Instruction	296,778	660,603	1,108,267	499,235	676,621	1,030,035	1,234,697	1,216,708	1,303,695	1,062,865
Other Special Instruction	630,204	215,817	32,172	29,208	37,211	62,639	49,756	56,636	60,424	58,401
Support Services:										
Tuition	762,478	1,484,917	1,144,983	1,292,990	1,574,261					
Student & Inst. Related Services	5,465,364	5,446,417	5,056,039	5,234,638	5,674,523	8,499,295	9,150,415	9,713,965	10,242,989	10,344,363
General Administration Services	928,443	831,929	926,991	901,539	777,304	940,996	888,640	975,003	972,930	1,001,049
School Administration Services	1,907,596	2,045,203	1,796,086	1,731,068	1,827,098	2,593,748	2,382,139	2,456,579	2,431,507	2,564,803
Admin. Information Technology	567,333	641,054	566,549	487,830	518,436	711,255	789,960	818,296	785,801	1,030,597
Central Services	522,642	515,889	553,876	559,664	473,185	673,698	694,708	701,830	723,448	711,275
Plant Operations and Maintenance	4,256,124	4,195,682	3,979,077	3,793,897	3,652,809	4,746,539	4,454,309	4,405,955	4,423,198	4,416,473
Pupil Transportation	2,748,111	2,775,026	2,647,174	2,756,846	2,499,334	2,966,024	3,072,896	2,525,340	2,813,261	2,790,194
Allocated Benefits										
Unallocated Benefits	10,648,181	11,622,564	12,287,118	11,658,391	13,029,120					
Debt Service										
Principal	385,000	380,000	375,000	375,000	370,000	1,207,480	1,329,355	1,522,320	1,053,347	940,019
Interest and Other Charges	295,788	282,881	269,669	256,543	242,581	292,937	264,445	316,113	120,451	152,221
Capital outlay	1,445,700	1,196,330	3,123,423	1,345,817	1,353,896	943,215	1,702,389	4,567,703	3,198,447	2,876,864
Special Schools	128,022	34,986	-	-	-	-	-	-	-	-
Total expenditures	49,792,736	50,374,527	49,750,883	46,401,988	48,582,855	49,479,819	51,096,053	55,832,236	55,089,949	55,561,266
Excess (Deficiency) of revenues over (under) expenditures	(2,527,861)	(2,286,828)	(2,446,406)	2,326,116	1,640,187	656,547	593,823	(2,157,471)	(353,173)	882,087
Other Financing sources (uses)										
Transfer to Food Service Fund										
Transfers In						582,000	800,475	1,514,215	1,241,708	2,000
Transfers Out						(582,000)	(800,475)	(1,514,215)	(1,241,708)	(2,000)
Prior Year Accounts Payable Cancelled					406,703					
Capital Leases (Non-Budget)	510,256	271,043	3,058,358	405,455	379,416	418,682	542,628	1,301,653	406,633	
Payment to Escrow Agent								(4,712,642)	-	
Premium on Refunding Bonds								414,244	-	
Serial Bonds Debt Issued								4,395,000	-	
Total other financing sources (uses)	510,256	271,043	3,058,358	405,455	786,119	418,682	542,628	1,398,255	406,633	-
Net change in fund balances	\$ (2,017,605)	\$ (2,015,785)	\$ 611,952	\$ 2,731,571	\$ 2,426,306	\$ 1,075,229	\$ 1,136,451	\$ (759,216)	\$ 53,460	\$ 882,087
Debt service as a percentage of noncapital expenditures	1.41%	1.35%	1.38%	1.40%	1.30%	3.09%	3.23%	3.59%	2.26%	2.07%

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

113

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Transportation Fees</u>	<u>Rentals - Use of Facilities</u>	<u>Sale of SREC</u>	<u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2009	\$ 202,225	\$ 133,858	\$ 3,895				\$ 126,497	\$ 466,475
2010	86,567	40,487	4,479	\$ 3,325			100,934	235,792
2011	56,630	15,012	1,768				151,156	224,566
2012	13,719	12,853	10,076	1,093			118,262	156,003
2013	20,323	15,755	6,617	11,219			272,525	326,439
2014	136,697	13,036	7,436	6,277			175,585	339,031
2015	283,766	15,118	8,938	5,405	\$ 153,715		86,216	553,158
2016	247,926	20,846	19,957	7,151	259,679	\$ 168,583	102,633	826,775
2017	235,004	19,945	115,128	13,305	129,766	1,937	194,234	709,319
2018	170,800	28,999	151,346	10,695	93,381	25,677	146,257	627,155

Source: District records (GAAP Basis)

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Tax-Exempt Property	Total Direct School Tax Rate ^a
2009	\$ 57,991,000	\$ 2,191,514,300	\$ 4,195,500	\$ 159,400	\$ 440,278,600	\$ 157,233,000	\$ 40,661,200	\$ 2,892,033,000	\$ 3,511,905	\$ 2,895,544,905	\$ 4,589,387,613	\$ 944,482,600	\$ 1.35
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	4,773,710,605	945,762,000	1.38
2011	50,187,300	2,139,483,600	4,521,300	163,900	438,240,100	152,791,900	40,581,500	2,825,969,600	3,973,869	2,829,943,469	4,229,138,313	945,641,300	1.44
2012	69,770,400	2,675,416,500	5,970,500	211,200	578,990,200	211,423,800	59,954,100	3,601,736,700		3,601,736,700	4,201,426,235	405,150,100	1.14
2013	65,419,000	2,683,763,200	5,920,500	202,000	576,745,300	209,387,900	59,954,100	3,601,392,000		3,601,392,000	3,935,116,405	407,837,100	1.15
2014	65,434,200	2,657,539,800	7,859,700	203,900	570,208,400	207,773,700	59,954,100	3,568,973,800		3,568,973,800	3,801,875,651	408,552,300	1.17
2015	60,924,200	2,657,056,500	7,855,000	204,100	564,369,300	206,651,600	58,654,300	3,555,715,000		3,555,715,000	3,829,398,626	409,409,900	1.20
2016	58,034,200	2,679,043,700	8,587,100	204,600	568,030,800	206,419,700	58,934,000	3,579,254,100		3,579,254,100	3,579,254,100	409,692,400	1.22
2017	55,226,400	2,696,621,000	8,587,100	185,500	568,456,100	205,161,400	58,846,400	3,593,083,900		3,593,083,900	3,593,083,900	413,450,900	1.24
2018	51,299,000	2,941,003,400	8,344,600	179,300	644,944,100	232,616,800	78,241,900	3,956,629,100		3,956,629,100	3,956,629,100	461,558,200	1.14

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>Regional School District</u>	<u>County (2)</u>
2009	\$ 3.330	\$ 1.350	\$ 0.820	\$ 0.810	\$ 0.350
2010	3.480	1.380	0.860	0.860	0.380
2011	3.580	1.440	0.900	0.890	0.350
2012	2.870	1.140	0.760	0.690	0.280
2013	2.912	1.147	0.796	0.698	0.271
2014	3.003	1.174	0.839	0.718	0.272
2015	3.060	1.200	0.857	0.734	0.269
2016	3.082	1.216	0.864	0.720	0.282
2017	3.122	1.235	0.872	0.728	0.287
2018	2.899	1.144	0.772	0.704	0.279

(1) Includes Open Space Tax and Library
(2) Includes County Open Space Tax

Note: The Borough underwent a revaluation of property effective January 1, 2012 and January 1, 2018.

Source: Tax Duplicate, Borough of Rockaway

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Center Associates/Corporate Property Investors, Inc.	\$ 208,511,100	5.27%
Tilcon	71,864,700	1.82%
WPG Rockaway Commons LLC	62,843,000	1.59%
Rustic Ridge, Inc.	34,683,000	0.88%
MarketPlace at Rockaway, LLC	34,326,700	0.87%
Dover UE, LLC	28,911,100	0.73%
100 Commons Way LLC c/o Gannett	27,055,500	0.68%
Pondview Estates	26,335,300	0.67%
Macy's	26,000,000	0.66%
Exeter Property Group	24,732,000	0.63%
	<u>\$ 545,262,400</u>	<u>13.78%</u>

2009	
Taxable Assessed Value	% of Total District Net Assessed Value
\$ 174,560,200	6.01%
36,804,000	1.27%
21,851,700	0.75%
20,917,100	0.72%
20,722,300	0.71%
20,424,100	0.70%
18,394,400	0.63%
17,876,100	0.62%
17,818,700	0.61%
15,635,600	0.54%
<u>\$ 365,004,200</u>	<u>12.56%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 38,792,404	\$ 38,792,404	100.00%	-
2010	39,109,380	39,109,380	100.00%	-
2011	40,681,287	40,681,287	100.00%	-
2012	41,023,709	41,023,709	100.00%	-
2013	41,088,261	41,088,261	100.00%	-
2014	41,483,350	41,483,350	100.00%	-
2015	42,255,478	42,255,478	100.00%	-
2016	43,080,841	43,080,841	100.00%	-
2017	43,919,236	43,919,236	100.00%	-
2018	44,788,110	44,788,110	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2009	\$ 7,240,000	\$ 1,074,765	\$ 8,314,765	25,438	\$ 327
2010	6,860,000	945,604	7,805,604	24,176	323
2011	6,485,000	3,479,570	9,964,570	24,290	410
2012	6,110,000	2,822,980	8,932,980	24,378	366
2013	5,740,000	2,355,765	8,095,765	24,493	331
2014	5,370,000	1,936,966	7,306,966	24,441	299
2015	5,005,000	1,515,238	6,520,238	24,679	264
2016	4,395,000	1,659,571	6,054,571	24,554	247
2017	3,950,000	1,457,857	5,407,857	25,494	212
2018	3,540,000	927,838	4,467,838	25,494 *	175

Source: District records

*= Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 7,240,000		\$ 7,240,000	0.25%	\$ 285
2010	6,860,000		6,860,000	0.24%	284
2011	6,485,000		6,485,000	0.23%	267
2012	6,110,000		6,110,000	0.17%	251
2013	5,740,000		5,740,000	0.16%	235
2014	5,370,000		5,370,000	0.15%	299
2015	5,005,000		5,005,000	0.14%	264
2016	4,395,000		4,395,000	0.12%	247
2017	3,950,000		3,950,000	0.11%	212
2018	3,540,000		3,540,000	0.09%	175

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
Rockaway School District Direct Debt (June 30, 2018)	\$ 3,540,000
Morris Hills Regional School District	23,860,000
Township of Rockaway	<u>27,529,814</u>
 Total Direct Debt	 54,929,814
 Overlapping Debt Apportioned to the Municipality:	
Morris County General Obligation Debt	<u>8,729,908</u>
Total Direct and Overlapping Debt	<u>\$ 63,659,722</u>

- (A) The debt for this entity was apportioned to the Borough of Rockaway by dividing the Municipality's 2017 equalized value by the total 2017 equalized value for Morris County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (a) Borough of Rockaway 2017 Annual Debt Statement

Source: School District Financial Statements

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

Legal Debt Margin Calculation for Calendar Year 2017

	Equalized valuation basis
	2017 \$ 4,195,567,375
	2016 3,944,516,310
	2015 <u>3,811,464,251</u>
	<u>\$ 7,755,980,561</u>
Average equalized valuation of taxable property	\$ 2,585,326,854
Debt limit (3 % of average equalization value)	77,559,806 ^a
Total Net Debt Applicable to Limit	<u>3,540,000</u>
Legal debt margin	<u>\$ 74,019,806</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 135,009,909	\$ 138,280,731	\$ 136,545,257	\$ 132,469,970	\$ 123,977,655	\$ 119,286,503	\$ 115,829,425	\$ 114,705,189	\$ 115,894,648	\$ 77,559,806
Total net debt applicable to limit	<u>7,240,000</u>	<u>6,860,000</u>	<u>6,485,000</u>	<u>6,110,000</u>	<u>5,740,000</u>	<u>5,370,000</u>	<u>5,005,000</u>	<u>4,395,000</u>	<u>3,950,000</u>	<u>3,540,000</u>
Legal debt margin	<u>\$ 127,769,909</u>	<u>\$ 131,420,731</u>	<u>\$ 130,060,257</u>	<u>\$ 126,359,970</u>	<u>\$ 118,237,655</u>	<u>\$ 113,916,503</u>	<u>\$ 110,824,425</u>	<u>\$ 110,310,189</u>	<u>\$ 111,944,648</u>	<u>\$ 74,019,806</u>
Total net debt applicable to the limit as a percentage of debt limit	5.36%	4.96%	4.75%	4.61%	4.63%	4.50%	4.32%	3.83%	3.41%	4.56%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Township Unemployment Rate</u>	<u>Population</u>
2009	7.10%	\$ 97,614	7.10%	25,438
2010	7.10%	69,811	7.10%	24,176
2011	7.00%	71,730	7.00%	24,290
2012	7.20%	74,057	7.20%	24,378
2013	5.50%	75,054	5.50%	24,493
2014	5.00%	82,810	5.00%	24,441
2015	4.20%	86,582	4.20%	24,679
2016	4.00%	89,065	4.00%	24,554
2017	3.60%	89,065 *	3.60%	25,494
2018	4.00% *	89,065 *	3.60% *	25,494 *

*= Estimated

(1) County of Bergen

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

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

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	190.0	184.0	182.0	181.5	181.0	176.5	169.5	178.5	177.5	183.0
Special Education	76.0	79.0	80.0	79.5	80.0	88.0	96.0	104.5	95.5	84.0
Other Special Education	25.0	25.0	26.0	8.5	8.0	8.0	18.5	14.5	18.5	19.5
Support Services:										
Student & Instruction Related Service	100.0	100.0	117.0	80.0	80.0	83.0	98.0	99.5	110.0	107.0
School Administrative Services	23.0	26.0	26.0	27.5	29.0	28.0	24.0	24.5	23.0	25.5
General and Business Administration	21.0	23.0	23.0	10.5	12.0	12.0	11.5	11.0	11.0	11.0
Plant Operations and Maintenance	43.0	52.0	52.0	32.5	33.0	31.0	31.0	31.0	32.5	33.5
Pupil Transportation	47.0	59.0	62.0	54.0	54.0	51.0	50.0	46.0	40.0	42.0
Total	<u>525.0</u>	<u>548.0</u>	<u>568.0</u>	<u>474.0</u>	<u>477.0</u>	<u>477.5</u>	<u>498.5</u>	<u>509.5</u>	<u>508.0</u>	<u>505.5</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2009	2,724	\$ 47,666,248	\$ 17,499	3.72%	304	12:1	12:1	2,715	2,607	-1.16%	96.02%
2010	2,630	48,515,316	18,447	5.42%	301	12:1	12:1	2,619	2,522	-3.54%	96.30%
2011	2,578	45,982,791	17,837	-3.31%	317	12:1	12:1	2,562	2,459	-2.18%	95.98%
2012	2,527	44,424,628	17,580	-1.44%	296	12:1	12:1	2,490	2,397	-2.81%	96.27%
2013	2,475	46,616,378	18,835	7.14%	283	12:1	12:1	2,438	2,343	-2.09%	96.10%
2014	2,444	47,036,187	19,246	2.18%	273	12:1	12:1	2,407	2,314	-1.27%	96.14%
2015	2,364	47,799,864	20,220	5.06%	284	12:1	11:1	2,363	2,269	-1.83%	96.02%
2016	2,371	49,426,100	20,846	3.10%	298	12:1	11:1	2,406	2,309	1.82%	95.97%
2017	2,380	50,717,694	21,310	2.23%	281	11:1	11:1	2,395	2,290	-0.46%	95.62%
2018	2,324	51,592,162	22,200	4.18%	278	10:5	9:1	2,321	2,217	-3.09%	95.52%

Sources: District records

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

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

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

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Facilities	Project #(s)										
Birchwood	N/A	\$ 103,420	\$ 98,841	\$ 93,744	\$ 112,964	\$ 157,797	\$ 149,353	\$ 58,699	\$ 151,215	\$ 277,308	\$ 75,528
Copeland Middle	N/A	450,547	281,309	266,802	321,503	252,242	285,947	266,527	189,706	182,115	147,249
C.A. Dwyer	N/A	190,317	115,228	109,286	131,692	137,748	126,282	210,800	187,533	131,494	198,184
Dennis B. O'Brien	N/A	102,568	165,399	156,869	189,032	177,410	196,161	146,150	156,618	113,782	53,669
K.D. Malone	N/A	156,610	150,583	142,817	172,099	160,401	156,643	195,985	231,627	245,389	260,808
Stony Brook	N/A	<u>115,651</u>	<u>149,096</u>	<u>141,407</u>	<u>170,399</u>	<u>127,783</u>	<u>121,524</u>	<u>75,757</u>	<u>140,486</u>	<u>108,250</u>	<u>138,834</u>
Grand Total		<u>\$ 1,119,113</u>	<u>\$ 960,456</u>	<u>\$ 910,925</u>	<u>\$ 1,097,689</u>	<u>\$ 1,013,381</u>	<u>\$ 1,035,910</u>	<u>\$ 953,918</u>	<u>\$ 1,057,185</u>	<u>\$ 1,058,338</u>	<u>\$ 874,272</u>

Source: School District's Financial Statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Birchwood										
Square Feet	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914	24,914
Capacity (students)	232	232	232	232	232	232	232	232	232	232
Enrollment	362	353	327	307	295	279	279	307	315	295
Copeland										
Square Feet	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733	46,733
Capacity (students)	408	408	408	408	408	408	408	408	408	408
Enrollment	997	921	921	927	904	878	872	861	817	794
C.A. Dwyer										
Square Feet	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285	47,285
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	326	309	336	324	313	338	311	323	311	302
Dennis B. O'Brien										
Square Feet	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523	29,523
Capacity (students)	104	104	104	104	104	104	104	104	104	104
Enrollment	340	347	298	308	309	298	298	336	342	355
K.D. Malone										
Square Feet	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990	26,990
Capacity (students)	216	216	216	216	216	216	216	216	216	216
Enrollment	368	299	269	258	258	251	266	272	272	252
Stony Brook										
Square Feet	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396	26,396
Capacity (students)	249	249	249	249	249	249	249	249	249	249
Enrollment	438	408	404	366	363	350	322	323	352	353
Number of Schools at June 30, 2018										
Elementary =	5									
Middle School =	1									
Senior High School =	0									
Other =	0									

Source: District Records

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)**

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

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Rockaway Township School District's basic financial statements and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

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

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

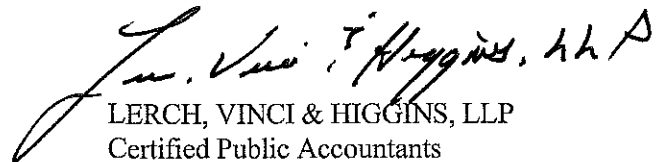
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

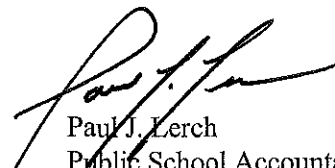
As part of obtaining reasonable assurance about whether the Rockaway Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 11, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Rockaway Township School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rockaway Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Rockaway Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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


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

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

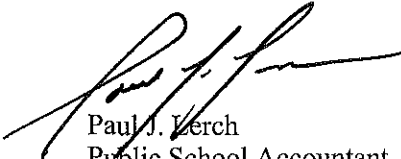
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockaway Township School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated February 11, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Verch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 11, 2019

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2017	Deferred Revenue Carryover Amount	Accounts Payable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2018			GAAP Receivable
										(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education													
Passed-through State Department of Agriculture													
Child Nutrition Cluster													
Non-Cash Assistance (Food Distribution)	10.555	171NJ304N1099	9/1/16-6/30/17	\$ 41,771	\$ 1,516				\$ 1,516				
Non-Cash Assistance (Food Distribution)	10.555	181NJ304N1099	9/1/17-6/30/18	41,209			\$ 41,209	39,649		\$ 1,560			
National School Lunch Program	10.555	171NJ304N1099	9/1/16-6/30/17	170,998	(34,714)		34,714						
National School Lunch Program	10.555	181NJ304N1099	9/1/17-6/30/18	158,135			144,464	158,135	\$ (13,671)			\$ (13,671)	
School Breakfast Program	10.553	171NJ304N1099	9/1/16-6/30/17	11,211	(2,380)		2,380						
School Breakfast Program	10.553	181NJ304N1099	9/1/17-6/30/18	8,178			7,468	8,178	(710)				(710)
Total Child Nutrition Cluster/Food Service Fund					(35,578)			230,235	207,478	(14,381)	1,560		(14,381)
U.S. Department of Education													
General Fund:													
Medical Assistance Program	93.778	1805NJ5MAP	7/1/17-6/30/18	12,826			12,826	12,826					
Impact Aid	84.041	N/A	7/1/17-6/30/18	360,072			360,072	360,072					
Total General Fund							372,898	372,898					
U.S. Department of Education													
Passed-through State Department of Education													
NCLB Consolidated													
Title I	84.010	S010A170030	9/1/17-8/31/18	80,170		\$ 2,758	\$ (2,758)	64,558	82,928	(18,370)			(18,370)
Title I	84.010	S010A160030	9/1/16-8/31/17	76,758	(17,991)	(2,758)	2,758	17,991					
Total Special Education Cluster NCLB Title I					(17,991)			82,549	82,928	(18,370)			(18,370)
Title II - Part A	84.367	S367A170029	9/1/17-8/31/18	28,039		\$ 4,361	\$ (4,361)	32,400	32,400				
Title II - Part A	84.367	S367A160029	9/1/16-8/31/17	48,661		(4,361)	4,361						
Total Special Education Cluster NCLB Title II Part A								32,400	32,400				
Title III	84.365	S365A170030	9/1/17-8/31/18	27,795		130	(130)	18,635	24,955	(9,290)	2,970		(6,320)
Title III	84.365	S365A160030	9/1/16-8/31/17	19,572	(6,392)	(130)	130	6,392					
Title III Immigrant	84.365A	S365A170030	9/1/17-8/31/18	9,516				3,052	9,516	(6,464)			(6,464)
Title III Immigrant	84.365A	S365A160030	9/1/16-8/31/17	5,977	(134)			134					
Total Special Education Cluster NCLB Title III					(6,526)			28,213	34,471	(15,754)	2,970		(12,784)
Title IV	84.424	S424A170031	9/1/17-8/31/18	10,320				2,330	10,320	(7,990)			(7,990)
Total Special Education Cluster NCLB Title IV								2,330	10,320	(7,990)			(7,990)
I.D.E.A. Part B, Basic	84.027A	H027A170100	9/1/17-8/31/18	554,093				554,093	554,093				
I.D.E.A. Part B, Basic	84.027A	H027A160100	9/1/16-8/31/17	561,143	(50,819)			50,819					
I.D.E.A. Part B, Preschool	84.173	H173A170114	9/1/17-8/31/18	31,107				31,107	31,107				
I.D.E.A. Part B, Preschool	84.173	H173A160114	9/1/16-8/31/17	31,234	(5,122)			5,122					
Total Special Education Cluster I.D.E.A.					(55,941)			641,141	585,200				
Total U.S. Department of Education/Special Revenue Fund					(80,458)			785,633	745,319	(42,114)	2,970		(39,144)
Total					\$ (116,036)	\$ -	\$ -	\$ 1,389,766	\$ 1,325,695	\$ (56,495)	\$ 4,530	\$ -	\$ (53,525)

135

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2018			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education														
General Fund														
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 854,190				\$ 771,337	\$ 854,190		\$ (82,853)				\$ 854,190
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	854,190	(82,526)			82,526							
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,551,231				1,400,768	1,551,231		(150,463)				1,551,231
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	1,534,759	(148,278)			148,278							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	50,153				45,288	50,153		(4,865)				50,153
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	50,153	(4,845)			4,845							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	82,223				74,248	82,223		(7,975)				82,223
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	82,223	(7,944)			7,944							
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	22,585				20,394	22,585		(2,191)				22,585
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	22,585	(2,182)			2,182							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	22,585				20,394	22,585		(2,191)				22,585
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	22,585	(2,182)			2,182							
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	23,390				21,121	23,390		(2,269)				23,390
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	23,390	(2,260)			2,260							
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	565				510	565		(55)				565
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	565	(55)			55							
Total State Public Aid				(250,272)			2,604,332	2,606,922		(252,862)				2,606,922
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	166,910				150,721	166,910		(16,189)				166,910
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	166,910	(16,126)			16,126							
Nonpublic Transportation	18-495-034-5120-014	7/1/17-6/30/18	24,333					24,333		(24,333)		\$ (24,333)		24,333
Nonpublic Transportation	17-495-034-5120-014	7/1/16-6/30/17	16,182											
Total Transportation Cluster				(16,126)			166,847	191,243		(40,522)			(24,333)	191,243
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	10,277				10,277	10,277						10,277
Extraordinary Aid	18-495-034-5120-444	7/1/17-6/30/18	399,469					399,469		(399,469)				399,469
Extraordinary Aid	17-495-034-5120-444	7/1/16-6/30/17	594,674	(594,674)			594,674							
On-Behalf Payments														
TPAF Pension Contribution	18-495-034-5094-002	7/1/17-6/30/18	2,882,469				2,882,469	2,882,469						2,882,469
TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	69,950				69,950	69,950						69,950
TPAF Pension - Post Retirement Medical Costs	18-495-034-5094-001	7/1/17-6/30/18	1,906,905				1,906,905	1,906,905						1,906,905
TPAF Pension - Long Term Disability	18-495-034-5094-001	7/1/17-6/30/18	3,566				3,566	3,566						3,566
TPAF Social Security Aid	18-495-034-5094-003	7/1/17-6/30/18	1,448,687				1,377,616	1,448,687		(71,071)		(71,071)		1,448,687
TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	1,462,087	(72,087)			72,087							
Total				(666,761)			6,917,544	6,721,323		(470,540)			(71,071)	6,721,323
Total General Fund				(933,159)			9,688,723	9,519,488		(763,924)			(95,404)	9,519,488
Special Revenue Fund														
Handicapped Services														
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	1,586				1,586				\$ 1,586			
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	530			\$ 88			\$ 88					
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	2,003				2,003					2,003		
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,881			1,015			1,015					
Total Nonpublic Handicapped Aid (Chpt 193) Cluster						1,103	3,589		1,103					
New Jersey Nonpublic Aid														
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	438				438	438						438
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	2,627			1					1			
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	296				296	296						296
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	600				600	600						600
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	776				776	776						776
Total Special Revenue Fund						1,104	5,699	2,110	1,103					2,110

ROCKAWAY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2018			GAAP Receivable	Cumulative Total Expenditures	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor			
State of New Jersey Schools Development Authority:															
<u>Capital Projects</u>															
Catherine Dwyer Elementary - HVAC	4490-019-14-1005-G04	2018	152,400	\$ (152,400)	\$ 61,780	-	\$ 152,400	\$ 61,780	-	-	-	-	-	\$ 61,780	
Total Capital Projects Fund				(152,400)	61,780	-	152,400	61,780	-	-	-	-	-	61,780	
<u>Debt Service Fund</u>															
Debt Service State Aid Support	18-495-034-5120-075	7/1/17-6/30/18	132,941	-	-	-	132,941	132,941	-	-	-	-	-	132,941	
Total Debt Service Fund				-	-	-	132,941	132,941	-	-	-	-	-	132,941	
<u>Enterprise Fund</u>															
State School Lunch Program	17-100-010-3350-023	9/1/16-6/30/17	6,682	(1,351)	-	-	1,351	-	-	-	-	-	-	-	
State School Lunch Program	18-100-010-3350-023	9/1/17-6/30/18	7,424	-	-	-	6,781	7,424	-	(643)	-	-	(643)	7,424	
Total Enterprise Fund				(1,351)	-	-	8,132	7,424	-	(643)	-	-	(643)	7,424	
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,086,910)	\$ 61,780	\$ 1,104	\$ 9,987,895	\$ 9,723,743	\$ 1,103	\$ (764,567)	\$ -	\$ 3,590	\$ (96,047)	\$ 9,723,743	
State Financial Assistance Not Subject to Major Program Determination															
<u>General Fund</u>															
TPAF Pension Contribution	18-495-034-5094-002	7/1/17-6/30/18	2,882,469					(2,882,469)							
TPAF Pension -NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	69,950					(69,950)							
TPAF Pension - Post Retirement Medical Costs	18-495-034-5094-001	7/1/17-6/30/18	1,906,905					(1,906,905)							
TPAF Pension - Long Term Disability	18-495-034-5094-001	7/1/17-6/30/18	3,566					(3,566)							
								(4,862,890)							
Total for State Single Audit Major Program Determination								\$ 4,860,853							

137

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$192,552 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 372,898	\$ 9,712,040	\$ 10,084,938
Special Revenue Fund	745,319	2,110	747,429
Capital Projects Fund		61,780	61,780
Debt Service Fund		132,941	132,941
Food Service Fund	<u>207,478</u>	<u>7,424</u>	<u>214,902</u>
Total Awards Financial Assistance	<u>\$ 1,325,695</u>	<u>\$ 9,916,295</u>	<u>\$ 11,241,990</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,448,687 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$2,952,419, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,906,905 and TPAF Long-Term Disability Insurance in the amount of \$3,566 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued on Financial Statements	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes	<u> X </u> no

Federal Awards Section

Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no
Internal Control over major programs:		
(1) Material weaknesses identified?	_____ yes	<u> X </u> no
(2) Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of Circular U.S. Uniform Guidance	_____ yes	<u> X </u> no

Identification of major federal programs:

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

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

Unmodified

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

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

Internal Control over major programs:

(1) Material weakness(es) identified

 yes X no

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

 yes X none reported

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

 yes X no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5094-003</u>	<u>TPAF Social Security</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-102</u>	<u>Host District Support Aid</u>

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

Part 2 – Schedule of Financial Statement Findings

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

There were none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

There were none.

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

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

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

CURRENT YEAR STATE AWARDS

There were none.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

Conditions

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

Current Status

Corrective action was taken.