

SCHOOL DISTRICT
OF
Roseland Borough

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Comprehensive Annual
Financial Report

of the

Roseland Borough
Board of Education

Roseland Borough, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

Roseland Borough
Board of Education

ROSELAND BOARD OF EDUCATION
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INTRODUCTORY SECTION

Lester C. Noecker School

Roseland School District

100 Passaic Ave.
Roseland, New Jersey 07068
973.226.1296

November 8, 2019

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Roseland Board of Education (the "District") for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Roseland Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Roseland Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Roseland Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education, for handicapped youngsters. The District completed the 2018-2019 fiscal year with an average daily enrollment of 469 students, which is nine more students than the prior year's average daily enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: Roseland is a mature suburban community within Essex County. In recent years, there has been a steady loss of ratables, resulting in a significant shift in the tax burden from commercial entities to residential owners. This trend is likely to continue with the introduction of two PILOT programs, discussed *infra*.

Within the past few years, the Borough of Roseland has seen an increase in the rental housing market, including an entirely new rental community (Avalon Roseland), and the school system has seen an associated increases in enrollment at varying grade levels. Surges in enrollment are expected in the next three (3) to five (5) years, as Payment In Lieu of Taxes (“PILOT”) agreements have been entered into by the municipality. A PILOT agreement is an agreement between a municipal entity and a developer, and is used as a tax incentive for the developer to develop land. The PILOT agreement comes with a long life span and, rather than being assessed taxes on the property being developed, a PILOT revenue is paid directly to the municipality. With no taxes being levied on those properties, no new taxes will flow through to the School District.

The PILOT agreements currently underway in the Borough will create approximately 440 new rental housing units. According to initial studies of the project, there will be an influx of 87 to 89 K-12 students, with approximately 65 expected to be low-income students. A proportionate amount of those students will fall within the Pre-K through 6th Grade, and become students enrolled in the Roseland School District. The result will be an increased demand upon school resources, classrooms, teachers, administrators, transportation, etc. without an associated increase in financial resources. The Roseland Board of Education is actively collaborating with the Roseland Borough Council to identify ways to diminish the expected financial burden of PILOT programs upon the School District.

3. MAJOR INITIATIVES: As in years past, the District’s annual financial plan provides a balance between building maintenance projects and program needs. In general, the buildings are well maintained with preventative maintenance a regular part of the day-to-day operation. The comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies priority facility projects. Funding for a number of these projects is included in the annual budget with larger and more costly projects addressed through allocations from the Capital Reserve Account.

In the 2018-19 budget, the Board allocated \$105,000 from the Capital Reserve for Capital Projects, including: repairing and replacing parts to three existing boilers, updating and reconfiguring the Media Center, and completing school painting/security upgrades. The purpose of our Capital Projects is to enhance student experience, increase safety and security, and continue to update our facility. Similarly, the Board has several Capital projects planned for the 2019-20 school year.

Regarding program enhancements, the District continues to purchase the necessary hardware to enhance instruction. Classrooms are equipped with computers, Smartboards/projectors, document cameras, and printers. We continue to improve our technology equipment through maintenance of our Smartboards and projectors, replacing out-of-date computers, and continuing a 1:1 Chromebook initiative in grades 4-6. Technology equipment is continually upgraded and maintained to ensure ease of use, including the ability to use or print wirelessly.

Instructional programming is also supported through a variety of programs available for student use and management (Raz-Kids, Achieve 3000, IXL). One of the District goals for 2018-19 was Technology, with a focus on maximizing the use of technology and problem-solving as a way to develop students’ critical

thinking, real-world learning experiences, and independence. Technology continues to be a focus in a changing world. We continually monitor the effectiveness of our systems, equipment, and programs and their use for our staff and students. Looking ahead, we anticipate the need for a new intercom or communication system to ensure ease of contact, particularly in case of an emergency (2019-2020).

Major initiatives in the area of teaching and learning continue to be a focus in the Roseland School District with many opportunities for teachers to develop their instructional practice and expertise. Through the use of District and Title funds, teachers participate in literacy professional development and have access to resources to support struggling students. A focus on the Inclusion Special Education instructional model was implemented and teachers and students actively benefited from their training and support throughout the school year. Literacy and inclusive education continued to be district goals for 2019-20.

Additional professional development includes the use of GCN Training modules (such as Affirmative Action, Dyslexia, Bloodborne Pathogens, etc.), workshops related to Suicide Awareness, Mindfulness, the Anti-Bullying Bill of Rights/HIB, AchieveNJ, Stronge Teacher Evaluation, revised I & RS and 504 programs, and Inclusion models and instruction. Teachers were also offered the opportunity to self-select professional development opportunities and take advantage of many local options.

Major initiatives for the Roseland School District are designed to support and develop our community of learners, maximize student achievement, ensure the safety and security of our staff and students, and proactively plan for the future.

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

- ✓ Professional Development (West Essex Consortium)
- ✓ Transportation (Sussex County Regional Co-Op and Essex Regional Educational Services Commission)
- ✓ Telecommunications (E-Rate Federal Universal Services Program for Schools and ACT)
- ✓ Ed-Data Services, Inc. (Purchasing Co-Op)
- ✓ Middlesex Regional Educational Services (Purchasing Group)
- ✓ Essex Regional Educational Services Commission (Purchasing Group)
- ✓ Snow Plowing - Sewer - Water - Waste Disposal - Field Maintenance (Borough of Roseland)
- ✓ Alliance for Competitive Energy Services (ACES)
- ✓ Insurance Fund for Property and Liability (NJSIG/NJEIF)
- ✓ Insurance Fund for Worker's Compensation (MEIG)

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

not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2019.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.


9. **OTHER INFORMATION:** **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200,

The Honorable President and Members of
the Board of Education
Roseland Board of Education
Page 5
November 8, 2019


Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,



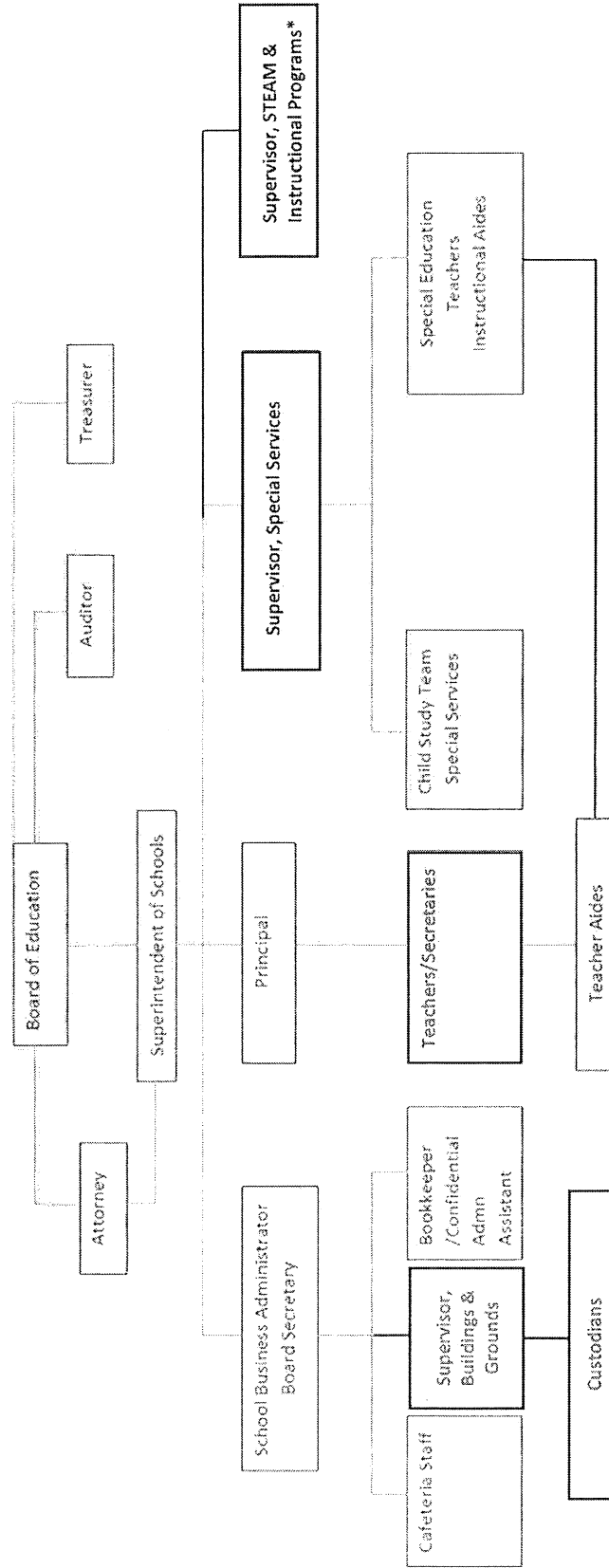
Deanne Somers
Superintendent of Schools



Gordon E. Gibbs
Business Administrator/Board Secretary

ROSELAND BOARD OF EDUCATION

1110 ORGANIZATIONAL CHART



*Position eliminated December 2018

ROSELAND SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Anna Gordon, President	2020
Mr. Scott Gorman, Vice President	2022
Mr. Corby Murano	2022
Mrs. Laura Savarese	2021
Mrs. Allison Scaraggi	2021

Other Officials

Title

Ms. Deanne Somers	Superintendent
Mr. Gordon Gibbs	Business Administrator/ Board Secretary (From 6/13/19)
Mr. James Olobardi	Business Administrator/ Board Secretary (From 1/25/19 to 6/14/19)
Ms. Julie A. Kot	Business Administrator/ Board Secretary (From 6/30/18 to 1/24/19)
Ms. Robyn Greenwald	Principal
Mr. Michael Halik	Treasurer of School Monies
Ms. Lisa Barcia	Assistant to the Business Administrator

ROSELAND SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2019

Audit Firm

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

Attorney

Anthony Sciarrillo
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depository

Lakeland Bank
Kelly Ballistreri
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Caldwell, NJ 07006

Bond Attorney

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

Architect

Frank Messineo, AIA
Solutions Architecture Corp.
96 Pompton Avenue
Verona, NJ 07044

Health Benefits Broker

Brown & Brown Benefits Advisors
Anthony Ciardella, Jr., Senior Vice President
56 Livingston Avenue, Suite 220
Roseland, NJ 07068

Property & Casualty Broker

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District, in the County of Essex, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Honorable President and Members
of the Board of Education
Roseland Board of Education
Page 3

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


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP

NISIVOCCIA LLP



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

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2019
(Unaudited)**

This section of Roseland Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2018/19 school year are as follows:

- The District's overall net position increased \$405,948 during the year.
- In 2018/19, the Governmental Activities had \$11,338,900 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2018/19 were \$10,905,089.
- The District's total bonded debt decreased by \$630,000 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Roseland Borough School District's Financial Report

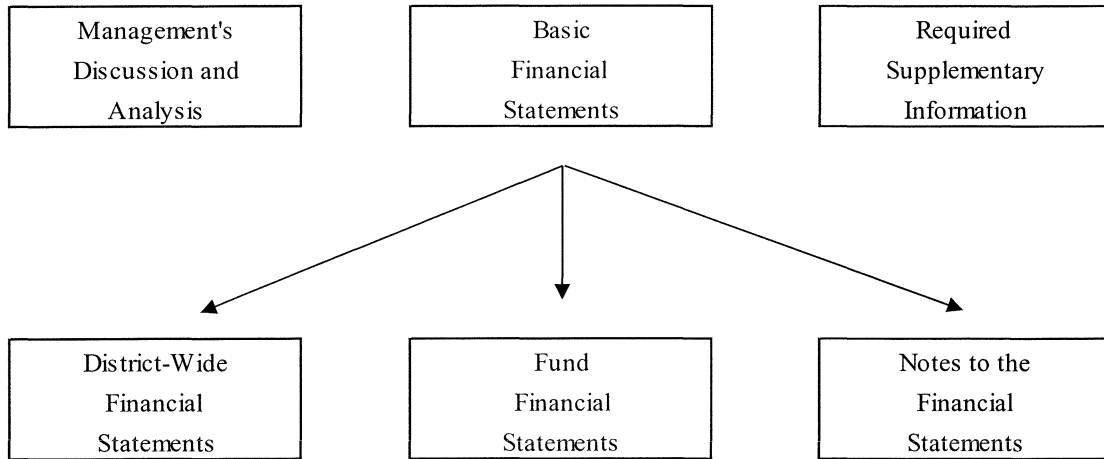


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2018/19 is \$444,053. This same amount is also factored in as an expense in this report.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Percentage
							Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Current and Other Assets	\$ 3,107,251	\$ 2,389,309	\$ 14,577	\$ 17,985	\$ 3,121,828	\$ 2,407,294	
Capital Assets, Net	10,639,334	11,564,605	15,371	50,005	10,654,705	11,614,610	
Total Assets	13,746,585	13,953,914	29,948	67,990	13,776,533	14,021,904	-1.75%
Deferred Outflows of Resources	947,259	1,302,507			947,259	1,302,507	-27.27%
Other Liabilities	347,089	345,677	7,806	17,985	354,895	363,662	
Long-Term Liabilities Outstanding	7,698,995	8,884,615			7,698,995	8,884,615	
Total Liabilities	8,046,084	9,230,292	7,806	17,985	8,053,890	9,248,277	-12.91%
Deferred Inflows of Resources	978,936	791,116			978,936	791,116	23.74%
Net Position:							
Net Investment in Capital							
Assets	5,790,757	6,136,004	15,371	50,005	5,806,128	6,186,009	
Restricted	2,572,903	1,954,822			2,572,903	1,954,822	
Unrestricted / (Deficit)	(2,694,836)	(2,855,813)	6,771		(2,688,065)	(2,855,813)	
Total Net Position	\$ 5,668,824	\$ 5,235,013	\$ 22,142	\$ 50,005	\$ 5,690,966	\$ 5,285,018	7.68%

Changes in net position. The District's *combined* net position was \$5,690,966 on June 30, 2019, \$405,948 or 7.68% more than it was the year before. (See Figure A-3). The reduction of District long-term liabilities associated with capital assets, the unspent budget appropriations, and the decrease in the net pension liability were the primary reasons for the increase in the year end governmental activities net position. The net position of the business-type activities decreased \$27,863 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Revenue:							
Program Revenue:							
Charges for Services			\$ 167,016	\$ 149,374	\$ 167,016	\$ 149,374	
Operating Grants and Contributions	\$ 2,514,414	\$ 3,409,150	27,243	26,111	2,541,657	3,435,261	
General Revenue:							
Property Taxes	8,769,841	8,501,769			8,769,841	8,501,769	
Unrestricted Federal and State Aid	17,719	24,426			17,719	24,426	
Other	198,478	151,398	1,112	691	199,590	152,089	
Total Revenue	11,500,452	12,086,743	195,371	176,176	11,695,823	12,262,919	-4.62%
Expenses:							
Instruction	6,837,691	7,002,749			6,837,691	7,002,749	
Pupil & Instruction Services	1,626,134	1,588,834			1,626,134	1,588,834	
Administrative and Business	952,925	1,062,533			952,925	1,062,533	
Maintenance & Operations	628,682	666,163			628,682	666,163	
Transportation	479,246	385,441			479,246	385,441	
Other	541,963	551,467	192,065	194,231	734,028	745,698	
Total Expenses	11,066,641	11,257,187	192,065	194,231	11,258,706	11,451,418	-1.68%
Transfers		(13,522)		13,522			
Special Items			(31,169)		(31,169)		
Change in Net Position	\$ 433,811	\$ 816,034	\$ (27,863)	\$ (4,533)	\$ 405,948	\$ 811,501	-49.98%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has increased in 2018-19. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District’s resources. Careful management of expenses generated from declining revenues is essential for the District’s financial stability.

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2018/19	2017/18	2018/19	2017/18
Instruction	\$ 6,837,691	\$ 7,002,749	\$ 4,649,783	\$ 3,990,011
Pupil & Instruction Services	1,626,134	1,588,834	1,515,092	1,383,266
Administrative and Business	952,925	1,062,533	821,468	903,626
Maintenance & Operations	628,682	666,163	612,298	658,110
Transportation	479,246	385,441	411,623	361,557
Other	541,963	551,467	541,963	551,467
Total	\$ 11,066,641	\$ 11,257,187	\$ 8,552,227	\$ 7,848,037

Business-Type Activities

Net position from the District’s business-type activity decreased by \$27,863, which is due primarily to a capital asset appraisal adjustment (refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s financial position is relatively sound. Fund balance increased approximately \$690,000 or 31%, despite a difficult economic environment. The reduction in State aid has had a direct impact upon the District’s revenues and will directly increase pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year. Accordingly, the Roseland District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2018/19 and will continue to be a larger challenge going forward.

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

General Fund Budgetary Highlights

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

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

Capital Asset and Long-Term Liabilities

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	Land	\$ 107,904	\$ 107,904			\$ 107,904	\$ 107,904
Construction in Progress		11,260				11,260	
Buildings & Building Improvements	10,356,282	11,206,866			10,356,282	11,206,866	
Machinery and Equipment	175,148	238,575	\$ 15,371	\$ 50,005	190,519	288,580	
Total	\$10,639,334	\$ 11,564,605	\$ 15,371	\$ 50,005	\$10,654,705	\$ 11,614,610	-8.26%

Long-Term Liabilities

At year-end, the District had \$5,220,000 in general obligation bonds, \$1,852,048 of net pension liability, \$444,183 of unamortized bond premiums and \$182,764 in other long-term liabilities outstanding – a decrease of \$1,185,620 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2018/19	2017/18	2018/19
	General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 5,220,000	\$ 5,850,000
Net Pension Liability	1,852,048	2,338,738	
Unamortized Bond Premiums	444,183	507,638	
Other Long Term Liabilities	182,764	188,239	
Total	\$ 7,698,995	\$ 8,884,615	-13.34%

- The District continued to pay down its debt, retiring \$630,000 of general obligation bonds.
- In 2018/19 the District saw a decrease in its net pension liability in the amount of \$486,690.

Factors Bearing on the District's Economic Future

The Roseland Board of Education and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following are examples of factors that may have an impact upon future financial operations:

- A major concern of the District is the ability to maintain optimum class sizes and excellent services in the face of continued student enrollment growth.
- Payment in Lieu of Taxes (PILOT) programs underway in the Borough will bring a significant increase in enrollment in the next 3 to 5 years. This rising enrollment will not be accompanied by additional tax revenue which is heavily relied upon to support the escalating burden on the school district's limited resources.

The District is proud and grateful for the community support it receives and is committed to striking a fair balance between the local taxpayer and the educational necessities of its pupils. The Roseland Board of Education has committed itself to sound financial practices and plans to continue to improve its fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ROSELAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 987,120	\$ 7,877	\$ 994,997
Receivables:			
Other Governments	126,005	1,525	127,530
Inventory		5,175	5,175
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,549,922		1,549,922
Maintenance Reserve Account - Cash and Cash Equivalents	444,204		444,204
Capital Assets:			
Sites (Land)	107,904		107,904
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	10,531,430	15,371	10,546,801
Total Assets	<u>13,746,585</u>	<u>29,948</u>	<u>13,776,533</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount of Refunding	371,423		371,423
Deferred Outflows Related to Pensions	471,647		471,647
District Contribution Subsequent to the Measurement Date - Pensions	104,189		104,189
Total Deferred Outflows of Resources	<u>947,259</u>	<u></u>	<u>947,259</u>
LIABILITIES:			
Accounts Payable	278,838	290	279,128
Unearned Revenue	7,634	7,516	15,150
Accrued Interest Payable	60,617		60,617
Noncurrent Liabilities:			
Due Within One Year	713,455		713,455
Due Beyond One Year	6,985,540		6,985,540
Total Liabilities	<u>8,046,084</u>	<u>7,806</u>	<u>8,053,890</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	978,936		978,936
Total Deferred Inflows of Resources	<u>978,936</u>	<u></u>	<u>978,936</u>
NET POSITION:			
Net Investment in Capital Assets	5,790,757	15,371	5,806,128
Restricted for:			
Capital Projects	1,549,922		1,549,922
Maintenance Reserve	444,204		444,204
Excess Surplus	578,777		578,777
Unrestricted / (Deficit)	(2,694,836)	6,771	(2,688,065)
Total Net Position	<u>\$ 5,668,824</u>	<u>\$ 22,142</u>	<u>\$ 5,690,966</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenue			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	\$ 4,774,653		\$ 1,199,308		\$ (3,575,345)		\$ (3,575,345)
Special Education	1,666,472		885,887		(780,585)		(780,585)
Other Special Instruction	396,566		102,713		(293,853)		(293,853)
Support Services:							
Tuition	164,421				(164,421)		(164,421)
Student & Instruction Related Services	1,461,713		111,042		(1,350,671)		(1,350,671)
General Administrative Services	404,523		100,060		(304,463)		(304,463)
School Administrative Services	285,313		25,231		(260,082)		(260,082)
Central Services	263,089		6,166		(256,923)		(256,923)
Plant Operations and Maintenance	628,682		16,384		(612,298)		(612,298)
Pupil Transportation	479,246		67,623		(411,623)		(411,623)
Interest on Long-Term Debt	174,605				(174,605)		(174,605)
Capital Outlay	37,934				(37,934)		(37,934)
Special Schools	56,260				(56,260)		(56,260)
Unallocated Depreciation	273,164				(273,164)		(273,164)
Total Governmental Activities	11,066,641		2,514,414		(8,552,227)		(8,552,227)

ROSELAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 192,065	\$ 167,016	\$ 27,243		\$ 2,194	\$ 2,194	2,194
Total Business-Type Activities	192,065	167,016	27,243		2,194	2,194	2,194
Total Primary Government	\$ 11,258,706	\$ 167,016	\$ 2,541,657	\$ -0-	\$ (8,552,227)	\$ 2,194	\$ (8,550,033)

General Revenue:

Taxes:							
Property Taxes, Levied for General Purposes, Net				7,948,541			7,948,541
Taxes Levied for Debt Service				821,300			821,300
Federal and State Aid not Restricted				17,719			17,719
Interest and Unrestricted Miscellaneous Revenue				100	1,112		1,212
Miscellaneous Income				198,378			198,378
Special Item:							
Capital Asset Adjustment					(31,169)		(31,169)
Total General Revenue				8,986,038	(30,057)		8,955,981
Change in Net Position				433,811	(27,863)		405,948
Net Position - Beginning				5,235,013	50,005		5,285,018
Net Position - Ending				\$ 5,668,824	\$ 22,142		\$ 5,690,966

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

FUND FINANCIAL STATEMENTS

ROSELAND BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 987,120		\$ 987,120
Interfund Receivable	18,965		18,965
Receivables From State Government	100,770		100,770
Receivables From Federal Government		\$ 25,235	25,235
Restricted Cash and Cash Equivalents	<u>1,994,126</u>		<u>1,994,126</u>
Total Assets	<u>\$ 3,100,981</u>	<u>\$ 25,235</u>	<u>\$ 3,126,216</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 173,388	\$ 1,261	\$ 174,649
Interfund Payable		18,965	18,965
Unearned Revenue	<u>2,625</u>	<u>5,009</u>	<u>7,634</u>
Total Liabilities	<u>176,013</u>	<u>25,235</u>	<u>201,248</u>
Fund Balances:			
Restricted:			
Capital Reserve Account	1,549,922		1,549,922
Maintenance Reserve Account	444,204		444,204
Excess Surplus	328,777		328,777
Excess Surplus - Designated for Subsequent Years' Expenditures	250,000		250,000
Assigned:			
Year-end Encumbrances	66,852		66,852
Unassigned	<u>285,213</u>		<u>285,213</u>
Total Fund Balances	<u>2,924,968</u>		<u>2,924,968</u>
Total Liabilities and Fund Balances	<u>\$ 3,100,981</u>	<u>\$ 25,235</u>	

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.	10,639,334
Bond issuance premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The amount is \$824,912 and the accumulated amortization is \$380,729.	(444,183)
The deferred amount of refunding is not reported as an expenditure in the Governmental Funds in the year of expenditure The amount is \$689,786 and the accumulated amortization is \$318,363.	371,423
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(60,617)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(1,852,048)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Change in Deferred Outflows	471,647
Change in Deferred Inflows	(978,936)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(5,402,764)</u>
Net Position of Governmental Activities	<u>\$ 5,668,824</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 7,948,541		\$ 821,300	\$ 8,769,841
Interest Earned on Capital Reserve	100			100
Tuition	73,205			73,205
Miscellaneous	125,173	\$ 16,559		141,732
Total - Local Sources	8,147,019	16,559	821,300	8,984,878
State Sources	1,623,624			1,623,624
Federal Sources		152,157		152,157
Total Revenues	<u>9,770,643</u>	<u>168,716</u>	<u>821,300</u>	<u>10,760,659</u>
EXPENDITURES:				
Current:				
Regular Instruction	2,213,781	71,593		2,285,374
Special Education Instruction	854,488	97,123		951,611
Other Special Instruction	232,818			232,818
Support Services and Undistributed Costs:				
Tuition	164,421			164,421
Student & Instruction Related Services	1,073,828			1,073,828
General Administrative Services	294,410			294,410
School Administrative Services	168,328			168,328
Central Services	205,733			205,733
Plant Operations and Maintenance	558,636			558,636
Pupil Transportation	479,246			479,246
Unallocated Benefits	2,683,095			2,683,095
Debt Service:				
Principal			630,000	630,000
Interest and Other Charges			191,300	191,300

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 96,180			\$ 96,180
Special Schools	56,260			56,260
Total Expenditures	9,081,224	\$ 168,716	\$ 821,300	10,071,240
Excess/(Deficiency) of Revenue over / (under) Expenditures	689,419			689,419
Net Change in Fund Balances	689,419			689,419
Fund Balance - July 1	2,235,549			2,235,549
Fund Balance - June 30	\$ 2,924,968	\$ -0-	\$ -0-	\$ 2,924,968

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

ROSELAND BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 689,419

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

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

	Depreciation Expense	\$ (440,588)
	Capital Outlays	58,246
	<u>Capital Asset Deletions and Adjustments</u>	<u>(542,929)</u>

(925,271)

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

6,300

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

2,391

ROSELAND BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Change in Net Pension Liability
Change in Deferred Outflows
Change in Deferred Inflows

\$ 486,690
(281,377)
(187,820)

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)

63,455

The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)

(53,060)

Repayment of serial bonds and capital leases are an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

633,084

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 433,811

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-Type Activities Enterprise Fund</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 7,877
Accounts Receivable:	
State	146
Federal	1,379
Inventories	<u>5,175</u>
Total Current Assets	<u>14,577</u>
Non-Current Assets:	
Capital Assets	64,976
Less: Accumulated Depreciation	<u>(49,605)</u>
Total Non-Current Assets	<u>15,371</u>
Total Assets	<u>29,948</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	290
Unearned Revenue - Donated Commodities	2,892
Unearned Revenue - Prepaid Sales	<u>4,624</u>
Total Current Liabilities	<u>7,806</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	15,371
Unrestricted	<u>6,771</u>
Total Net Position	<u>\$ 22,142</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Fund</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 163,576
Daily Sales - Non-Reimbursable Programs	<u>3,440</u>
Total Operating Revenue	<u>167,016</u>
Operating Expenses:	
Cost of Goods Sold - Reimbursable Programs	59,959
Cost of Goods Sold - Nonreimbursable Programs	26,314
Salaries and Payroll Taxes	73,794
Employee Benefits	6,403
Supplies and Materials	3,680
Miscellaneous Expense	9,281
Management Fee	9,169
Depreciation Expense	<u>3,465</u>
Total Operating Expenses	<u>192,065</u>
Operating Loss	(25,049)
Non-Operating Revenue:	
Local Sources:	
Interest Income	1,112
State Sources:	
State School Lunch Program	1,838
Federal Sources:	
National School Lunch Program	17,452
Food Distribution Program	<u>7,953</u>
Total Non-Operating Revenue	<u>28,355</u>
Change in Net Position Before Special Item	3,306
Special Item - Capital Asset Appraisal Adjustment	<u>(31,169)</u>
Change in Net Position After Special Item	(27,863)
Net Position - Beginning of Year	<u>50,005</u>
Net Position - End of Year	<u>\$ 22,142</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 167,284
Payments to Employees	(73,794)
Payments for Benefits	(6,403)
Payments to Suppliers	(109,428)
Net Cash Used for Operating Activities	<u>(22,341)</u>
Cash Flows from Investing Activities:	
Interest Revenue	1,112
Net Cash Provided by Investing Activities	<u>1,112</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	19,222
Interfund - General Fund	(74,059)
Net Cash Used for Noncapital Financing Activities	<u>(54,837)</u>
Net Decrease in Cash and Cash Equivalents	(76,066)
Cash and Cash Equivalents, July 1	<u>83,943</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,877</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (25,049)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	7,953
Depreciation Expense	3,465
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	1,469
(Increase)/Decrease in Accounts Payable	(9,158)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,289)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	268
Net Cash Used for Operating Activities	<u>\$ (22,341)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$6,664 and utilized commodities valued at \$7,953.

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency Funds	Unemployment Compensation Trust	Flexible Spending Trust	Total
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 7,720	\$ 49,842	\$ 3,683	\$ 61,245
Total Assets	<u>7,720</u>	<u>49,842</u>	<u>3,683</u>	<u>61,245</u>
<u>LIABILITIES:</u>				
Due to Student Groups	<u>7,720</u>			<u>7,720</u>
Total Liabilities	<u>7,720</u>			<u>7,720</u>
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		49,842		49,842
Flexible Spending Claims			3,683	3,683
Total Net Position	<u>\$ -0-</u>	<u>\$ 49,842</u>	<u>\$ 3,683</u>	<u>\$ 53,525</u>

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

ROSELAND BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Member		\$ 5,930
Board Contribution	\$ 25,000	
Total Contributions	<u>25,000</u>	<u>5,930</u>
Investment Earnings:		
Interest	527	
Net Investment Earnings	<u>527</u>	
Total Additions	<u>25,527</u>	<u>5,930</u>
DEDUCTIONS:		
Flexible Spending Claims		3,349
Unemployment Claims	527	
Total Deductions	<u>527</u>	<u>3,349</u>
Change in Net Position	25,000	2,581
Net Position - Beginning of the Year	<u>24,842</u>	<u>1,102</u>
Net Position - End of the Year	<u>\$ 49,842</u>	<u>\$ 3,683</u>

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

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

The District reports the following governmental funds:

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,774,186	\$ 170,727
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(2,011)
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	26,956	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(30,499)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 9,770,643</u>	<u>\$ 168,716</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 9,081,224</u>	<u>\$ 170,727</u>
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(2,011)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,081,224</u>	<u>\$ 168,716</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

E. Cash and Cash Equivalents, and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

J. Capital Assets:

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

J. Capital Assets: (Cont'd)

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

K. Long Term Liabilities:

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

L. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2019.

M. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

N. Unearned Revenue:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

O. Fund Balance Appropriated:

General Fund: Of the \$2,924,968 General Fund fund balance at June 30, 2019, \$1,549,922 is restricted in the capital reserve account; \$444,204 is restricted in the maintenance reserve account; \$328,777 is current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; \$250,000 is prior year excess surplus and was appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$66,852 is assigned for year end encumbrances; and \$285,213 is unassigned which is \$30,499 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2020.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus of \$578,777 at June 30, 2019.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$30,499 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

P. Deficit Net Position:

The District has a \$2,694,836 deficit in its governmental activities Unrestricted Net Position at June 30, 2019. This deficit is primarily a result of a bond issuance premium, compensated absences payable, accrued bond interest payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

Q. Net Position:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Q. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2019 due to the deferred amount on refunding of debt related to the District's refunding bond and pensions. The District had deferred inflows of resources for pensions.

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

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

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

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2019.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2019.

S. Revenue - Exchange and Nonexchange Transactions:

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

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

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

T. Operating Revenue and Expenses:

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

U. Management Estimates:

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

V. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve	Maintenance Reserve	
Checking and Savings Accounts	\$ 1,056,242	\$ 1,549,922	\$ 444,204	\$ 3,050,368
	\$ 1,056,242	\$ 1,549,922	\$ 444,204	\$ 3,050,368

The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$3,050,368 and the bank balance was \$3,244,738. The District did not hold any investments during the fiscal year ended June 30, 2019.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 1,154,822
Increased by:	
Transfer by Board Resolution	500,000
Interest Earned on Capital Reserve	100
	1,654,922
Decreased by:	
Budgeted Withdrawal	105,000
Balance at June 30, 2019	\$ 1,549,922

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2019. The withdrawals from the capital reserve account were for use in DOE approved facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, no transfers were made to the Capital Outlay account.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities:					
Capital Assets not being Depreciated:					
Sites (Land)	\$ 107,904				\$ 107,904
Construction in Progress	11,260			\$ (11,260)	-0-
Total Capital Assets not Being Depreciated	119,164	-0-		(11,260)	107,904
Capital Assets Being Depreciated					
Buildings and Building Improvements	16,836,164	\$ 58,246		436,740	17,331,150
Machinery and Equipment	1,682,528			(685,302)	997,226
Total Capital Assets Being Depreciated	18,518,692	58,246		(248,562)	18,328,376
Governmental Activities Capital Assets	18,637,856	58,246		(259,822)	18,436,280
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(5,629,298)	(404,271)		(941,299)	(6,974,868)
Machinery and Equipment	(1,443,953)	(36,317)		658,192	(822,078)
Total Accumulated Depreciation	(7,073,251)	(440,588)		(283,107)	(7,796,946)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,564,605</u>	<u>\$ (382,342)</u>	<u>\$ -0-</u>	<u>(542,929)</u>	<u>\$ 10,639,334</u>
Business Type Activities:					
Capital Assets Being Depreciated:					
Furniture and Equipment	\$ 115,712			\$ (50,736)	\$ 64,976
Less Accumulated Depreciation	(65,707)	\$ (3,465)		19,567	(49,605)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 50,005</u>	<u>\$ (3,465)</u>	<u>\$ -0-</u>	<u>\$ (31,169)</u>	<u>\$ 15,371</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 118,959
General Administration	48,465
Unallocated	273,165
	<u>\$ 440,588</u>

The District had a fixed asset appraisal performed during the year. The last appraisal was performed several years ago, and capital asset records required an adjustment to agree to the new appraisal report. The net adjustment for governmental activities was (\$542,929) and the net adjustment for business-type activities was (\$31,169).

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 7. LONG-TERM DEBT LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Issued/ Accrued	Retired	Balance 6/30/2019	Amounts Due in a Year
Compensated Absences Payable	\$ 185,155	\$ 3,153	\$ 5,544	\$ 182,764	
Serial Bonds Payable	5,850,000		630,000	5,220,000	\$ 650,000
Net Pension Liability	2,338,738		486,690	1,852,048	
Unamortized Bond Premium	507,638		63,455	444,183	63,455
Obligations Under Capital Leases	3,084		3,084		
	<u>\$ 8,884,615</u>	<u>\$ 3,153</u>	<u>\$ 1,188,773</u>	<u>\$ 7,698,995</u>	<u>\$ 713,455</u>

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$63,455 and is separated from the long-term liabilities balance of \$380,729.

B. Bonds Payable:

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

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

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

The District had bonds outstanding as of June 30, 2019 as follows:

Purpose	Maturity Date	Interest Rate	Amount
Refunding Bond - 2013	9/1/2025	3.00% - 4.00%	\$ 5,220,000

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Bonds Payable (Cont'd):

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

<u>Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 650,000	\$ 172,100	\$ 822,100
2021	685,000	150,650	835,650
2022	715,000	124,650	839,650
2023	750,000	95,350	845,350
2024	775,000	64,850	839,850
2025-2026	1,645,000	49,875	1,694,875
	<u>\$ 5,220,000</u>	<u>\$ 657,475</u>	<u>\$ 5,877,475</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board has no bonds authorized but not issued.

D. Capital Leases Payable:

The District entered into a capital lease for a copier totaling \$15,416 in 2014. The capital lease has been fully liquidated by the General Fund during the fiscal year ended June 30, 2019.

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$182,764. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the proprietary fund.

F. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long term portion is \$1,852,048. See Note 8 for further information on the PERS.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$94,140 for 2019.

The employee contribution rate was 7.20% effective July 1, 2018.

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

At June 30, 2019, the District's liability was \$1,852,048 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.009%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized actual pension expense in the amount of \$76,072. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 14,659	
	2015	5.72	66,162	
	2016	5.57	224,366	
	2017	5.48		\$ (341,411)
	2018	5.63	<u>305,187</u>	<u>(250,775)</u>
			<u>305,187</u>	<u>(592,186)</u>
Difference Between Expected and Actual Experience	2015	5.72	18,356	
	2016	5.57	6,809	
	2017	5.48	10,154	
	2018	5.63	<u>35,319</u>	<u>(9,550)</u>
			<u>35,319</u>	<u>(9,550)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		11,192
	2016	5.00		62,565
	2017	5.00		(56,312)
	2018	5.00		<u>(34,817)</u>
				<u>(17,372)</u>
Changes in Proportion	2014	6.44	30,708	
	2015	5.72	100,433	
	2016	5.57		(111,969)
	2017	5.48		(129,047)
	2018	5.63	<u>131,141</u>	<u>(118,812)</u>
			<u>131,141</u>	<u>(359,828)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	<u>104,189</u>	
			<u>\$ 575,836</u>	<u>\$ (978,936)</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 12,854
2020	(17,797)
2021	(127,617)
2022	(110,621)
2023	(35,421)
	\$ (278,602)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

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%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 2,328,737	\$ 1,852,048	\$ 1,452,136

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$644,979 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,223,220.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$20,982,735. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.033%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$644,979 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,223,220.

The employee contribution rate was 7.50% effective July 1, 2018. Subsequent increases after October 1, 2011 were being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$20,982,735. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.033%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>20,982,735</u>
Total	\$	<u><u>20,982,735</u></u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$1,223,220 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 24,801,195	\$ 20,982,735	\$ 17,817,326

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$7,856 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$14,358 for the year ended June 30, 2019.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Commerce Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 10. RISK MANAGEMENT

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

Property and Liability

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

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The June 30, 2019 financial information was not available as of the date of the audit. Selected financial information for the Groups as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group June 30, 2018</u>	<u>Morris Essex Insurance Group June 30, 2018</u>
Total Assets	\$ 342,337,056	\$ 10,451,281
Net Position	\$ 82,580,855	\$ 7,796,837
Total Revenue	\$ 133,258,299	\$ 3,830,220
Total Expenses	\$ 129,340,074	\$ 2,486,421
Change in Net Position	\$ 3,918,225	\$ 1,343,799
Members Dividends	\$ -0-	\$ 1,049,987

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

Morris Essex Insurance Group

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

New Jersey Schools Insurance Group (NJSIG)

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 25,000	\$ 527	\$ 527	\$ 49,842
2018	24,838	4		24,842

NOTE 11. ECONOMIC DEPENDENCY

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. TAX CALENDAR

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

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

As of June 30, 2019, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 66,852	\$ 2,256	\$ 69,108

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$2,256 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

Litigation

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

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2019, the Board has the following accounts payable in the governmental funds:

	General Fund	Special Revenue Fund	Total Governmental Funds	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities Food Service Fund
Vendors	\$ 173,388	\$ 1,261	\$ 174,649		\$ 174,649	\$ 290
State of New Jersey				\$ 104,189	104,189	
	<u>\$ 173,388</u>	<u>\$ 1,261</u>	<u>\$ 174,649</u>	<u>\$ 104,189</u>	<u>\$ 278,838</u>	<u>\$ 290</u>

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 18,965	
Special Revenue Fund		18,965
	<u>\$ 18,965</u>	<u>\$ 18,965</u>

The special revenue fund owes \$18,965 to the general fund due to a cash deficit resulting from the Federal receivable in the special revenue fund.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$300,000 was established by Board resolution on June 21, 2018. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 300,000
Increased by:	
Transfer by Board Resolution	144,204
Balance at June 30, 2019	\$ 444,204

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more 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.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017 the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 16,025,062
Changes for Year:	
Service Cost	596,672
Interest on the Total OPEB Liability	589,360
Changes of Assumptions	(1,427,582)
Differences between Expected and Actual Experience	(3,022,102)
Gross Benefit Payments by the State	(332,648)
Contributions from Members	11,497
Net Changes	(3,584,803)
Balance at June 30, 2018	\$ 12,440,259

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
	Total OPEB Liability Attributable to the District	\$ 14,706,919	\$ 12,440,259

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 10,282,599	\$ 12,440,259	\$ 15,293,847

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$460,237 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (1,511,079)
Changes in Assumptions	2018	9.51		(1,277,468)
				\$ (2,788,548)
Differences Between Expected and Actual Experience	2018	9.51		\$ (1,207,605)
Changes in Proportion	N/A	N/A	\$ 53,683	(1,554,601)
			\$ 53,683	\$ (5,550,754)

N/A - Not Available

ROSELAND BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (492,426)
2020	(492,426)
2021	(492,426)
2022	(492,426)
2023	(492,426)
Thereafter	(1,534,021)
	\$ (3,996,153)

REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0097470459%	0.0104656125%	0.0122006653%	0.0100468138%	0.0094062702%
District's proportionate share of the net pension liability	\$ 1,959,449	\$ 2,738,805	\$ 3,251,636	\$ 2,338,738	\$ 1,852,048
District's covered employee payroll	\$ 802,752	\$ 744,538	\$ 662,251	\$ 696,762	\$ 753,357
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	244.09%	367.85%	491.00%	335.66%	245.84%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 86,277	\$ 104,893	\$ 97,535	\$ 95,057	\$ 94,140
Contributions in relation to the contractually required contribution	<u>(86,277)</u>	<u>(104,893)</u>	<u>(97,535)</u>	<u>(95,057)</u>	<u>(94,140)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 801,526	\$ 802,752	\$ 744,538	\$ 662,251	\$ 696,762
Contributions as a percentage of covered employee payroll	10.76%	13.07%	13.10%	14.35%	13.51%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0367027219%	0.0373472679%	0.0348823435%	0.0357215194%	0.0329824642%
State's proportionate share of the net pension liability attributable to the District	\$ 19,616,410	\$ 23,605,068	\$ 27,440,672	\$ 24,084,736	\$ 20,982,735
District's covered employee payroll	\$ 3,462,859	\$ 3,452,595	\$ 3,416,603	\$ 3,478,965	\$ 3,266,790
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	566.48%	683.69%	803.16%	692.30%	642.30%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,055,547	\$ 1,441,302	\$ 2,061,785	\$ 1,668,469	\$ 1,223,220
Contributions in relation to the contractually required contribution	<u>(201,913)</u>	<u>(279,282)</u>	<u>(387,748)</u>	<u>(485,715)</u>	<u>(644,979)</u>
Contribution deficiency/(excess)	<u>\$ 853,634</u>	<u>\$ 1,162,020</u>	<u>\$ 1,674,037</u>	<u>\$ 1,182,754</u>	<u>\$ 578,241</u>
District's covered employee payroll	\$ 3,452,595	\$ 3,416,603	\$ 3,478,965	\$ 3,266,790	\$ 3,518,033
Contributions as a percentage of covered employee payroll	5.85%	8.17%	11.15%	14.87%	18.33%

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

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 715,438	\$ 596,672
Interest Cost	505,545	589,360
Changes in Assumptions	(2,038,884)	(1,427,582)
Differences between Expected and Actual Experience	13,668	(3,022,102)
Member Contributions	(371,174)	11,497
Gross Benefit Payments	(1,175,407)	(332,648)
Net Change in Total OPEB Liability	17,200,469	(3,584,803)
Total OPEB Liability - Beginning	16,025,062	16,025,062
Total OPEB Liability - Ending	\$ 4,078,854	\$ 12,440,259
District's Covered Employee Payroll *	393%	298%
Total OPEB Liability as a Percentage of Covered Employee Payroll		

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

ROSELAND BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

ROSELAND BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

ROSELAND BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,948,541		\$ 7,948,541	\$ 7,948,541	
Interest Earned on Capital Reserve	100		100	100	
Tuition - Individuals				73,205	\$ 73,205
Miscellaneous	85,000		85,000	125,173	40,173
Total - Local Sources	8,033,641		8,033,641	8,147,019	113,378
State Sources:					
Special Education Aid	251,078		251,078	251,078	
Transportation Aid	72,082		72,082	72,082	
Security Aid	8,056		8,056	8,056	
Additional Extraordinary Aid				194	194
Extraordinary Aid	22,966		22,966	88,484	65,518
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				644,979	644,979
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				298,685	298,685
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				13,501	13,501
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				928	928
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				249,180	249,180
Total State Sources	354,182		354,182	1,627,167	1,272,985
TOTAL REVENUES	8,387,823		8,387,823	9,774,186	1,386,363

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 70,400	\$ 370	\$ 70,770	\$ 70,593	\$ 177
Kindergarten	249,400		249,400	230,578	18,822
Grades 1-5	1,727,100	(10,125)	1,716,975	1,627,046	89,929
Grades 6-8	242,800		242,800	239,118	3,682
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000		6,000	5,937	63
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	7,276	(370)	6,906	1,275	5,631
General Supplies	66,789	(18,105)	48,684	37,727	10,957
Textbooks	7,500	(5,500)	2,000	1,507	493
Total Regular Programs	2,377,265	(22,991)	2,354,274	2,213,781	140,493
Special Education:					
Learning and/or Language Disabilities	64,400		64,400	63,257	1,143
Salaries of Teachers	500		500	485	15
General Supplies					
Total Language and/or Learning Disabilities	64,900		64,900	63,742	1,158

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 411,800	\$ 500	\$ 412,300	\$ 410,793	\$ 1,507
Other Salaries for Instruction	312,550		312,550	288,149	24,401
General Supplies	500		500	491	9
Total Resource Room/Resource Center	724,850	500	725,350	699,433	25,917
Autism:					
Salaries of Teachers	59,300	545	59,845	59,845	
Other Salaries for Instruction	29,700	670	30,370	30,185	185
General Supplies	500	(70)	430	283	147
Total Autism	89,500	1,145	90,645	90,313	332
Total Special Education	879,250	1,645	880,895	853,488	27,407
Basic Skills/Remedial:					
Salaries of Teachers	204,300	(400)	203,900	196,080	7,820
General Supplies	1,000		1,000	367	633
Total Basic Skills/Remedial	205,300	(400)	204,900	196,447	8,453
Other Instructional Programs - Instruction:					
Other Objects	25,000	12,371	37,371	37,371	
Total Other Instructional Programs - Instruction:	25,000	12,371	37,371	37,371	
Total Instruction	3,486,815	(9,375)	3,477,440	3,301,087	176,353

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Disabled - Within State	\$ 183,900	\$ (18,000)	\$ 165,900	\$ 164,421	\$ 1,479
Total Instruction	183,900	(18,000)	165,900	164,421	1,479
Attendance and Social Work:					
Salaries	26,250	560	26,810	26,060	750
Total Attendance and Social Work	26,250	560	26,810	26,060	750
Health Services:					
Salaries	73,800	1,925	75,725	75,496	229
Purchased Professional and Technical Services	1,900		1,900	105	1,795
Other Purchased Services (400-500 series)	500	(200)	300	80	220
Supplies and Materials	1,800		1,800	1,605	195
Total Health Services	78,000	1,725	79,725	77,286	2,439
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	151,600		151,600	148,767	2,833
Purchased Professional - Educational Services	100,000	3,160	103,160	97,673	5,487
Supplies and Materials	800		800	588	212
Total Other Support Services - Speech, OT, PT and Related Services	252,400	3,160	255,560	247,028	8,532

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 63,500	\$	\$ 63,500	\$ 61,892	\$ 1,608
Supplies and Materials	600		600	488	112
Other Objects	4,000		4,000	3,045	955
Total Other Support Services - Guidance	68,100		68,100	65,425	2,675
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	316,000		316,000	256,573	59,427
Salaries of Secretarial and Other Clerical Assistants	36,600	\$ 1,998	38,598	38,598	
Purchased Professional - Educational Services	8,000	(500)	7,500	6,447	1,053
Miscellaneous Purchased Services (400-500 series)	500		500	500	
Supplies and Materials	1,000	740	1,740	1,713	27
Other Objects	3,000	(400)	2,600	2,135	465
Total Other Support Services - Child Study Team	365,100	1,838	366,938	305,466	61,472
Improvement of Instructional Services:					
Other Salaries	5,500		5,500	5,253	247
Purchased Professional and Educational Services	19,000		19,000	17,065	1,935
Other Purchased Professional and Technical Services	5,000	(3,500)	1,500	1,500	
Other Purchased Services (400-500 Services)	1,000		1,000	359	641
Total Improvement of Instructional Services	30,500	(3,500)	27,000	22,677	4,323
Educational Media Services/School Library:					
Salaries	65,500	2,124	67,624	67,624	
Salaries of Technology Coordinators	124,650	(750)	123,900	64,535	59,365
Purchased Professional - Technical Services	141,850	17,605	159,455	156,796	2,659
Supplies and Materials	38,700	3,395	42,095	40,931	1,164
Total Educational Media Services/School Library	370,950	22,374	393,324	329,886	63,438

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 183,894	\$ 7,498	\$ 191,392	\$ 191,392	\$ 3,559
Legal Services	35,000	27,000	62,000	58,441	5,000
Other Purchased Professional Services	5,000		5,000	18,320	27,180
Audit Fees	45,500		45,500	9,079	1,640
Communications/Telephone	10,000		10,000	2,560	1,685
BOE Other Purchased Services	3,000	1,200	4,200	1,107	1,418
Miscellaneous Purchased Services (400-500 series)	14,500	(6,500)	8,000	2,500	500
General Supplies	2,525		2,525	4,696	1,104
Miscellaneous Expenditures	2,500	500	3,000	294,410	43,007
BOE Membership Dues and Fees	7,000	(1,200)	5,800		
Total Support Services - General Administration	308,919	28,498	337,417	294,410	43,007
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	122,900		122,900	122,830	70
Salaries of Secretarial and Clerical Assistants	59,000	(11,233)	47,767	42,990	4,777
Other Purchased Service (400-500 series)	1,200	(323)	877	377	500
Supplies and Materials	1,800	423	2,223	1,242	981
Other Objects	900		900	889	11
Total Support Services - School Administration	185,800	(11,133)	174,667	168,328	6,339

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 178,300	\$ 3,258	\$ 181,558	\$ 181,298	\$ 260
Miscellaneous Purchased Services (400-500 series)	19,415	3,300	22,715	19,740	2,975
General Supplies	2,500	1,500	4,000	3,256	744
Other Objects	1,750		1,750	1,439	311
Total Central Services	201,965	8,058	210,023	205,733	4,290
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	61,375	23,200	84,575	58,940	25,635
Travel		2,000	2,000	1,500	500
General Supplies	16,000	(7,000)	9,000	4,839	4,161
Other Objects	3,200	(2,000)	1,200	569	631
Total Required Maintenance for School Facilities	80,575	16,200	96,775	65,848	30,927
Custodial Services:					
Salaries	271,200	280	271,480	245,098	26,382
Cleaning, Repair, and Maintenance Services	30,000	(19,875)	10,125	10,125	
Insurance	58,850	(5,125)	53,725	48,980	4,745
General Supplies	24,012		24,012	16,556	7,456
Energy (Gasoline)	1,800		1,800	121	1,679
Energy (Natural Gas)	65,000	(25,192)	39,808	31,193	8,615
Energy (Electricity)	155,000	(11,808)	143,192	121,373	21,819
Total Custodial Services	605,862	(61,720)	544,142	473,446	70,696

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds	8,300	22,000	30,300	12,033	18,267
Cleaning, Repair, and Maintenance Services	8,500		8,500	4,220	4,280
General Supplies	16,800	22,000	38,800	16,253	22,547
Total Care and Upkeep of Grounds					
Security:					
Cleaning, Repair, and Maintenance Services	10,000	(3,405)	6,595	2,054	4,541
General Supplies		1,585	1,585	1,035	550
Total Security	10,000	(1,820)	8,180	3,089	5,091
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	1,200		1,200		1,200
Contracted Services - (Regular Students) - Esc's & CTSA's	287,500	36,566	324,066	324,066	
Contracted Services - (Special Ed Students) - Esc's & CTSA's	160,000	(7,567)	152,433	146,180	6,253
Contracted Services - Aid in Lieu Payments- Non-public Schools	16,000		16,000	9,000	7,000
Total Student Transportation Services	464,700	28,999	493,699	479,246	14,453
Unallocated Benefits:					
Unemployment Compensation	25,000		25,000	25,000	
Workmen's Compensation	64,660		64,660	50,962	13,698
Health Benefits	1,418,939	(2,499)	1,416,440	1,142,414	274,026
Tuition Reimbursement	23,000	(3,000)	20,000	20,000	
Unused Sick Payout to Terminated/Retired Staff	34,000	(24,704)	9,296		9,296
Other Employee Benefits	50,000	(950)	49,050	35,610	13,440
Social Security Contributions	99,840		99,840	99,840	
Other Retirement Contributions - DCRP		7,856	7,856	7,856	
Other Retirement Contributions - PERS	125,000	(6,906)	118,094	94,140	23,954
Total Unallocated Benefits	1,840,439	(30,203)	1,810,236	1,475,822	334,414

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)			\$ 644,979	\$ 644,979	\$ (644,979)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)			298,685	298,685	(298,685)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)			13,501	13,501	(13,501)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)			928	928	(928)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			249,180	249,180	(249,180)
Total On-Behalf Contributions			1,207,273	1,207,273	(1,207,273)
Total Undistributed Expenditures	\$ 5,090,260	\$ 7,036	\$ 5,097,296	5,627,697	(530,401)
Total Expenditures - Current Expense	8,577,075	(2,339)	8,574,736	8,928,784	(354,048)
Capital Outlay:					
Facilities Acquisition and Construction:					
Architectural/Engineering Services	3,800		3,800	3,800	3,800
Other Purchased Services (400-500 Services)	19,500		19,500	7,029	12,471
Construction Services	15,200	11,260	26,460	11,260	15,200
Supplies and Materials	77,760	(11,260)	66,500	51,666	14,834
Assessment for Debt Service- SDA Funding	26,225		26,225	26,225	
Total Facilities Acquisition and Construction	142,485		142,485	96,180	46,305
Total Capital Outlay	142,485		142,485	96,180	46,305

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Summer School Instruction:					
Salaries of Teachers	\$ 45,000	\$ 1,283	\$ 46,283	\$ 46,283	
Other Salaries for Instruction	8,000	977	8,977	8,976	\$ 1
General Supplies	1,000	79	1,079	1,001	78
Total Summer School Instruction/ Total Special Schools	<u>54,000</u>	<u>2,339</u>	<u>56,339</u>	<u>56,260</u>	<u>79</u>
Total Expenditures	<u>8,773,560</u>		<u>8,773,560</u>	<u>9,081,224</u>	<u>(307,664)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(385,737)</u>		<u>(385,737)</u>	<u>692,962</u>	<u>1,078,699</u>
Fund Balance, July 1	<u>2,262,505</u>		<u>2,262,505</u>	<u>2,262,505</u>	
Fund Balance, June 30	<u>\$ 1,876,768</u>	<u>\$ -0-</u>	<u>\$ 1,876,768</u>	<u>\$ 2,955,467</u>	<u>\$ 1,078,699</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 1,549,922	
Capital Reserve				444,204	
Maintenance Reserve				328,777	
Excess Surplus				250,000	
Excess Surplus - Designated for Subsequent Year's Expenditures					
Assigned Fund Balance:					
Year End Encumbrances				66,852	
Unassigned Fund Balance				315,712	
				<u>2,955,467</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(30,499)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,924,968</u>	

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 114,147	\$ 40,266	\$ 154,413	\$ 154,413	
Local Sources		21,323	21,323	16,314	\$ (5,009)
Total Revenues	114,147	61,589	175,736	170,727	(5,009)
EXPENDITURES:					
Instruction					
Tuition	50,000	15,135	65,135	65,135	
General Supplies		37,723	37,723	32,714	5,009
Total Instruction	50,000	52,858	102,858	97,849	5,009
Support Services					
Purchased Professional - Educational Services	64,147	8,731	72,878	72,878	
Total Support Services	64,147	8,731	72,878	72,878	
Total Expenditures	114,147	61,589	175,736	170,727	5,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,774,186	\$ 170,727
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(2,011)
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	26,956	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(30,499)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,770,643	\$ 168,716
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,081,224	\$ 170,727
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(2,011)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,081,224	\$ 168,716

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

ROSELAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

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

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

ROSELAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA Part B, Basic	IDEA Part B, Preschool	Elementary and Secondary Education Act				Local Grants	Totals June 30, 2019
			Title IA	Title IIA	Title IV			
REVENUE:								
Federal Sources	\$ 92,062	\$ 5,061	\$ 37,614	\$ 9,676	\$ 10,000	\$ 16,314	\$ 154,413	
Local Sources						\$ 16,314	16,314	
Total Revenue	92,062	5,061	37,614	9,676	10,000	16,314	170,727	
EXPENDITURES:								
Instruction:								
Tuition	65,135						65,135	
Supplies and Materials			10,000		6,400	16,314	32,714	
Total Instruction	65,135		10,000		6,400	16,314	97,849	
Support Services:								
Purchased Professional - Educational Services	26,927	5,061	27,614	9,676	3,600		72,878	
Total Support Services	26,927	5,061	27,614	9,676	3,600		72,878	
Total Expenditures	\$ 92,062	\$ 5,061	\$ 37,614	\$ 9,676	\$ 10,000	\$ 16,314	\$ 170,727	

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 7,877
Accounts Receivable:	
State	146
Federal	1,379
Inventories	5,175
Total Current Assets	<u>14,577</u>

Non-Current Assets:

Capital Assets	64,976
Less: Accumulated Depreciation	<u>(49,605)</u>
Total Non-Current Assets	<u>15,371</u>

Total Assets	<u>29,948</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	290
Unearned Revenue - Donated Commodities	2,892
Unearned Revenue - Prepaid Sales	<u>4,624</u>

Total Liabilities	<u>7,806</u>
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NET POSITION:

Investment in Capital Assets	15,371
Unrestricted	<u>6,771</u>

Total Net Position	<u>\$ 22,142</u>
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ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenue:	
Charges for Services:	
Daily Sales- Reimbursable Programs	\$ 163,576
Daily Sales- Non-Reimbursable Programs	<u>3,440</u>
Total Operating Revenue	<u>167,016</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	59,959
Cost of Sales - Nonreimbursable Programs	26,314
Salaries and Payroll Taxes	73,794
Employee Benefits	6,403
Supplies and Materials	3,680
Miscellaneous Expense	9,281
Management Fee	9,169
Depreciation Expense	<u>3,465</u>
Total Operating Expenses	<u>192,065</u>
Operating Loss	(25,049)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	1,112
State Sources:	
School Lunch Program	1,838
Federal Sources:	
National School Lunch Program	17,452
Food Distribution Program	<u>7,953</u>
Total Non-Operating Revenue	<u>28,355</u>
Change in Net Position Before Special Item	3,306
Special Item - Capital Asset Appraisal Adjustment	<u>(31,169)</u>
Change in Net Position After Special Item	(27,863)
Net Position - Beginning of Year	<u>50,005</u>
Net Position - End of Year	<u><u>\$ 22,142</u></u>

ROSELAND BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 167,284
Payments to Employees	(73,794)
Payments for Benefits	(6,403)
Payments to Suppliers	<u>(109,428)</u>
Net Cash Used for Operating Activities	<u>(22,341)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>1,112</u>
Net Cash Provided by Investing Activities	<u>1,112</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	19,222
Interfund - General Fund	<u>(74,059)</u>
Net Cash Used for Noncapital Financing Activities	<u>(54,837)</u>
Net Decrease in Cash and Cash Equivalents	(76,066)
Cash and Cash Equivalents, July 1	<u>83,943</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 7,877</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (25,049)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	7,953
Depreciation Expense	3,465
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	1,469
Increase/(Decrease) in Accounts Payable	(9,158)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,289)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	<u>268</u>
Net Cash Used for Operating Activities	<u><u>\$ (22,341)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$6,664 and utilized commodities valued at \$7,953.

FIDUCIARY FUNDS

ROSELAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Agency Student Activities</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 7,720	\$ 49,842	\$ 3,683	\$ 61,245
Total Assets	<u>7,720</u>	<u>49,842</u>	<u>3,683</u>	<u>61,245</u>
<u>LIABILITIES:</u>				
Due to Student Groups	<u>7,720</u>			<u>7,720</u>
Total Liabilities	<u>7,720</u>			<u>7,720</u>
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		49,842		49,842
Flexible Spending Claims			3,683	3,683
Total Net Position	<u>\$ -0-</u>	<u>\$ 49,842</u>	<u>\$ 3,683</u>	<u>\$ 53,525</u>

ROSELAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Member		\$ 5,930
Board Contribution	\$ 25,000	
Total Contributions	<u>25,000</u>	<u>5,930</u>
Investment Earnings:		
Interest	<u>527</u>	
Net Investment Earnings	<u>527</u>	
Total Additions	<u>25,527</u>	<u>5,930</u>
DEDUCTIONS:		
Flexible Spending Claims		3,349
Due to General Fund	<u>527</u>	
Total Deductions	<u>527</u>	<u>3,349</u>
Change in Net Position	25,000	2,581
Net Position - Beginning of the Year	<u>24,842</u>	<u>1,102</u>
Net Position - End of the Year	<u>\$ 49,842</u>	<u>\$ 3,683</u>

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 11,119	\$ 5,463	\$ 8,862	\$ 7,720
Total Assets	<u>\$ 11,119</u>	<u>\$ 5,463</u>	<u>\$ 8,862</u>	<u>\$ 7,720</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 11,119	\$ 5,463	\$ 8,862	\$ 7,720
Total Liabilities	<u>\$ 11,119</u>	<u>\$ 5,463</u>	<u>\$ 8,862</u>	<u>\$ 7,720</u>

ROSELAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
SCHOOLS:				
Lester C. Noecker School	\$ 11,119	\$ 5,463	\$ 8,862	\$ 7,720
	<u>\$ 11,119</u>	<u>\$ 5,463</u>	<u>\$ 8,862</u>	<u>\$ 7,720</u>

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 5,123,223	\$ 5,123,223	
Total Assets	\$ -0-	\$ 5,123,223	\$ 5,123,223	\$ -0-
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings		\$ 2,273,557	\$ 2,273,557	
Net Payroll		2,849,666	2,849,666	
Total Liabilities	\$ -0-	\$ 5,123,223	\$ 5,123,223	\$ -0-

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2019
			Date	Amount	Interest Rate	Balance June 30, 2018	
Refunding Bond - 2013	5/23/2013	\$ 7,135,000	9/1/2019	\$ 650,000	3.000%	\$ 5,850,000	\$ 5,220,000
			9/1/2020	685,000	3.416%		
			9/1/2021	715,000	4.000%		
			9/1/2022	750,000	4.000%		
			9/1/2023	775,000	4.000%		
			9/1/2024	805,000	3.000%		
			9/1/2025	840,000	3.000%		
						\$ 5,850,000	\$ 630,000
							\$ 5,220,000

ROSELAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2018</u>	<u>Matured</u>	<u>Balance June 30, 2019</u>
Copier	4.36%	\$15,416	<u>\$ 3,084</u>	<u>\$ 3,084</u>	<u>\$ -0-</u>
			<u>\$ 3,084</u>	<u>\$ 3,084</u>	<u>\$ -0-</u>

ROSELAND BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 821,300	\$ 821,300	\$ 821,300	
Total Revenue	821,300	821,300	821,300	
EXPENDITURES:				
Regular Debt Service:				
Interest	191,300	191,300	191,300	
Redemption of Principal	630,000	630,000	630,000	
Total Regular Debt Service	821,300	821,300	821,300	
Total Expenditures	821,300	821,300	821,300	
Excess of Revenue and Other Financing Sources Over Expenditures	-0-	-0-	-0-	-0-
Fund Balance, July 1	-0-	-0-	-0-	-0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 3,979,285	\$ 3,984,678	\$ 4,112,774	\$ 4,382,029	\$ 4,554,833	\$ 5,237,554	\$ 5,812,192	\$ 5,890,468	\$ 6,136,004	\$ 5,790,757
Restricted	302,609	442,378	459,630	517,186	548,043	414,388	614,522	1,254,034	1,954,822	2,572,903
Unrestricted (Deficit)	72,666	180,345	240,105	89,588	(1,870,581)	(2,228,609)	(2,637,042)	(2,725,523)	(2,855,813)	(2,694,836)
Total Governmental Activities Net Position	\$ 4,354,560	\$ 4,607,401	\$ 4,812,509	\$ 4,988,803	\$ 3,232,295	\$ 3,423,333	\$ 3,789,672	\$ 4,418,979	\$ 5,235,013	\$ 5,668,824
Business-Type Activities										
Investment in Capital Assets	\$ 21,907	\$ 19,283	\$ 29,255	\$ 26,631	\$ 37,780	\$ 44,208	\$ 47,474	\$ 56,756	\$ 50,005	\$ 15,371
Unrestricted/(Deficit)	64,655	70,644	58,898	58,349	49,047	11,691	5,765	(2,218)		6,771
Total Business-Type Activities Net Position	\$ 86,562	\$ 89,927	\$ 88,153	\$ 84,980	\$ 86,827	\$ 55,899	\$ 53,239	\$ 54,538	\$ 50,005	\$ 22,142
District-Wide										
Net Investment in Capital Assets	\$ 4,001,192	\$ 4,003,961	\$ 4,142,029	\$ 4,408,660	\$ 4,592,613	\$ 5,281,762	\$ 5,859,666	\$ 5,947,224	\$ 6,186,009	\$ 5,806,128
Restricted	302,609	442,378	459,630	517,186	548,043	414,388	614,522	1,254,034	1,954,822	2,572,903
Unrestricted/(Deficit)	137,321	250,989	299,003	147,937	(1,821,334)	(2,216,918)	(2,631,277)	(2,727,741)	(2,855,813)	(2,688,065)
Total District-Wide Net Position	\$ 4,441,122	\$ 4,697,328	\$ 4,900,662	\$ 5,073,783	\$ 3,319,122	\$ 3,479,232	\$ 3,842,911	\$ 4,473,517	\$ 5,285,018	\$ 5,690,966

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,737,861	\$ 3,459,077	\$ 3,579,163	\$ 3,661,331	\$ 3,673,505	\$ 4,079,714	\$ 4,301,029	\$ 4,614,422	\$ 4,483,388	\$ 4,700,738
Special Education	910,127	801,128	848,333	965,207	1,071,378	1,429,620	1,464,068	1,745,804	1,974,582	1,637,452
Other Special Education	228,410	87,134	247,977	259,558	229,675	520,916	603,224	453,584	544,779	389,931
Support Services:										
Tuition	361,811	280,060	251,954	123,563	22,830	28,665	26,072	16,705	64,992	164,421
Student & Instruction Related Services	920,256	934,974	1,058,066	1,283,639	1,308,414	1,164,585	1,455,821	1,600,935	1,523,842	1,436,382
General and Business Administrative Services	355,191	359,023	354,778	350,126	417,286	362,905	393,694	394,559	466,263	398,014
School Administrative Services	251,394	259,775	261,792	275,078	308,405	323,332	294,041	353,013	331,535	279,673
Central Services	210,914	208,339	179,848	175,136	193,894	189,788	258,368	289,650	264,735	256,923
Administrative Information Technology	20,679	28,275	45,600	32,776	28,887	30,712				
Plant Operations And Maintenance	621,677	654,277	638,591	646,709	649,202	685,040	625,275	698,581	666,163	620,346
Pupil Transportation	341,873	323,439	275,362	265,643	301,793	278,964	289,444	366,873	385,441	479,246
Capital Outlay		39,685	19,109	26,225	26,225	34,087	64,974	61,817	35,506	37,934
Special Schools	25,092	36,196	38,435	43,419	51,145	63,042	41,986	38,973	47,902	56,260
Interest On Long-Term Debt	418,278	401,018	382,843	529,379	256,937	252,156	229,948	211,581	193,405	174,605
Unallocated Depreciation	264,997	264,964	264,964	264,964	264,964	264,964	297,924	286,995	274,654	273,164
Total Governmental Activities Expenses	\$ 8,668,560	\$ 8,137,364	\$ 8,446,815	\$ 8,902,753	\$ 8,804,540	\$ 9,708,490	\$ 10,345,868	\$ 11,133,492	\$ 11,257,187	\$ 10,905,089
Business-Type Activities:										
Food Service	146,681	141,928	151,473	153,681	143,342	180,213	154,794	171,375	194,231	192,065
Total Business-Type Activities Expenses	146,681	141,928	151,473	153,681	143,342	180,213	154,794	171,375	194,231	192,065
Total District Expenses	\$ 8,815,241	\$ 8,279,292	\$ 8,598,288	\$ 9,056,434	\$ 8,947,882	\$ 9,888,703	\$ 10,500,662	\$ 11,304,867	\$ 11,451,418	\$ 11,097,154
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	1,181,460	791,302	955,871	1,175,731	1,104,987	2,034,861	2,459,030	3,146,452	3,409,150	2,352,862
Total Governmental Activities Program Revenues	\$ 1,181,460	\$ 791,302	\$ 955,871	\$ 1,175,731	\$ 1,104,987	\$ 2,034,861	\$ 2,459,030	\$ 3,146,452	\$ 3,409,150	\$ 2,352,862

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

UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities:										
Changes For Services										
Food Service	\$ 126,507	\$ 123,272	\$ 122,613	\$ 119,990	\$ 120,010	\$ 120,535	\$ 127,281	\$ 147,163	\$ 149,374	\$ 167,016
Operating Grants and Contributions	23,402	21,869	27,005	30,518	28,943	28,750	24,853	25,511	26,111	27,243
Total Business Type Activities Program Revenues	149,909	145,141	149,618	150,508	148,953	149,285	152,134	172,674	175,485	194,259
Total District Program Revenues	\$ 1,331,369	\$ 936,443	\$ 1,105,489	\$ 1,326,239	\$ 1,253,940	\$ 2,184,146	\$ 2,611,164	\$ 3,319,126	\$ 3,584,635	\$ 2,547,121
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,487,100)	\$ (7,346,062)	\$ (7,490,944)	\$ (7,727,022)	\$ (7,699,553)	\$ (7,673,629)	\$ (7,886,838)	\$ (7,987,040)	\$ (7,848,037)	\$ (8,532,227)
Business-Type Activities	3,228	3,213	(1,855)	(3,173)	5,611	(30,928)	(2,660)	1,299	(18,746)	2,194
Total District-Wide Net Expense	\$ (7,483,872)	\$ (7,342,849)	\$ (7,492,799)	\$ (7,730,195)	\$ (7,693,942)	\$ (7,704,557)	\$ (7,889,498)	\$ (7,985,741)	\$ (7,866,783)	\$ (8,530,033)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,598,522	\$ 6,597,416	\$ 6,729,364	\$ 6,863,951	\$ 6,863,951	\$ 7,001,230	\$ 7,296,254	\$ 7,462,179	\$ 7,681,869	\$ 7,948,541
Taxes Levied for Debt Service	789,747	802,127	805,218	810,619	809,581	737,165	812,825	812,825	819,900	821,300
Federal and State Aid not Restricted	252,958	71,542	32,625	32,512	30,276	31,017	32,875	57,855	24,426	17,719
Investment Earnings	11	56	33						100	100
Miscellaneous Income	110,548	127,762	128,812	196,234	102,091	95,255	111,223	283,488	151,298	198,378
Transfers									(13,522)	
Special Item: Adjustment- to Fixed Assets per Appraisal Company Report	(626,549)									
Total Governmental Activities	7,125,237	7,598,903	7,696,052	7,903,316	7,805,899	7,864,667	8,253,177	8,616,347	8,664,071	8,986,038
Business-Type Activities:										
Investment Earnings	66	152	81						691	1,112
Transfers									13,522	
Special Item - Capital Asset Adjustment	(154)				(3,764)					(31,169)
Total Business-Type Activities	(88)	152	81		(3,764)				14,213	(30,057)
Total District-Wide	\$ 7,125,149	\$ 7,599,055	\$ 7,696,133	\$ 7,903,316	\$ 7,802,135	\$ 7,864,667	\$ 8,253,177	\$ 8,616,347	\$ 8,678,284	\$ 8,955,981
Change in Net Position:										
Governmental Activities	\$ (361,863)	\$ 252,841	\$ 205,108	\$ 176,294	\$ 106,346	\$ 191,038	\$ 366,339	\$ 629,307	\$ 816,034	\$ 433,811
Business-Type Activities	3,140	3,365	(1,774)	(3,173)	1,847	(30,928)	(2,660)	1,299	(4,533)	(27,863)
Total District	\$ (358,723)	\$ 256,206	\$ 203,334	\$ 173,121	\$ 108,193	\$ 160,110	\$ 363,679	\$ 630,606	\$ 811,501	\$ 405,948

Source: School District Financial Reports

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 129,766									
Unreserved	375,066									
Restricted		\$ 296,777	\$ 440,622	\$ 498,178	\$ 498,178	\$ 474,876	\$ 614,522	\$ 1,254,034	\$ 1,954,822	\$ 2,572,903
Assigned		126,593	67,011	98,256	156,929	303,288	53,494	83,492	30,837	66,852
Unassigned		263,363	230,502	255,126	165,273	245,165	231,127	291,917	249,890	285,213
Total General Fund	\$ 504,832	\$ 686,733	\$ 738,135	\$ 851,560	\$ 820,380	\$ 1,025,329	\$ 899,143	\$ 1,629,443	\$ 2,235,549	\$ 2,924,968
All Other Governmental Funds										
Reserved	\$ 2,829									
Capital Projects Fund										
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	(21,455)									
Debt Service Fund										
Restricted		\$ 19,008	\$ 19,008	\$ 19,008	\$ 66,075					
Unassigned / (Deficit)						\$ (12,520)				
Total All Other Governmental Funds	\$ (18,625)	\$ 19,008	\$ 19,008	\$ 19,008	\$ 66,075	\$ (12,520)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Governmental Funds:										
Reserved	\$ 132,595									
Unreserved	353,612									
Restricted		\$ 315,785	\$ 459,630	\$ 517,186	\$ 564,253	\$ 474,876	\$ 614,522	\$ 1,254,034	\$ 1,954,822	\$ 2,572,903
Assigned		126,593	67,011	98,256	156,929	303,288	53,494	83,492	30,837	66,852
Unassigned		263,363	230,502	255,126	165,273	232,645	231,127	291,917	249,890	285,213
Total Governmental Funds:	\$ 486,207	\$ 705,741	\$ 757,143	\$ 870,568	\$ 886,455	\$ 1,012,809	\$ 899,143	\$ 1,629,443	\$ 2,235,549	\$ 2,924,968

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 7,388,269	\$ 7,399,543	\$ 7,534,582	\$ 7,674,570	\$ 7,673,532	\$ 7,738,395	\$ 8,109,079	\$ 8,275,004	\$ 8,501,769	\$ 8,769,841
Tuition Charges				78,950	70,300	55,320	81,805	80,220	67,850	73,205
Interest Earnings-Capital Reserve	11	56	33						100	100
Miscellaneous	110,548	136,197	154,191	144,656	67,238	63,075	53,632	248,772	95,159	141,732
State Sources	1,222,741	754,713	832,697	1,076,345	994,802	1,102,855	1,169,166	1,366,726	1,398,511	1,623,624
Federal Sources	211,677	99,696	130,420	104,526	100,331	104,249	136,505	132,089	153,578	152,157
Total Revenue	8,933,246	8,390,205	8,651,923	9,079,047	8,906,203	9,063,894	9,550,187	10,102,811	10,216,967	10,760,659
Expenditures										
Instruction										
Regular Instruction	2,613,704	2,402,786	2,458,461	2,537,793	2,585,411	2,382,672	2,324,381	2,280,711	2,113,790	2,285,374
Special Education Instruction	645,985	702,138	705,263	688,735	762,373	886,645	836,406	931,777	967,998	951,611
Other Instruction	164,957	28,430	180,534	191,233	169,430	312,664	330,316	223,361	265,507	232,818
Tuition	361,811	280,060	251,954	123,563	22,830	29,331	26,072	16,705	64,992	164,421
Student & Instruction Related Services	736,472	723,225	809,767	1,023,920	1,066,470	889,400	1,026,179	1,033,108	1,038,583	1,073,828
General Administrative Services	232,226	245,580	235,858	231,747	286,337	263,209	261,595	258,812	330,209	294,410
School Administrative Services	176,193	184,447	191,272	195,439	214,414	216,545	176,061	194,256	183,484	168,328
Central Services	149,524	149,208	125,952	125,383	139,837	153,354	185,722	197,748	195,779	205,733
Administrative Information Technology	20,679	28,275	45,600	32,776	28,887	30,712				
Plant Operations And Maintenance	539,367	558,754	534,120	546,877	578,447	608,719	537,749	571,090	577,781	558,636
Pupil Transportation	341,873	323,439	275,362	265,643	301,794	278,964	289,444	366,873	385,441	479,246
Unallocated Benefits	1,840,870	1,641,240	1,800,205	1,917,022	1,875,685	1,979,895	2,196,982	2,378,306	2,441,963	2,683,095
Debt Service:										
Principal	410,000	435,000	455,000	480,000	561,000	530,000	565,000	585,000	610,000	630,000
Interest And Other Charges	418,278	401,018	382,843	363,761	236,473	269,550	247,825	227,825	209,900	191,300
Capital Outlay	424,269	39,685	119,567	210,842	26,225	57,984	618,135	67,966	164,010	96,180
Special Schools	25,092	27,386	28,763	30,888	39,386	63,042	41,986	38,973	47,902	56,260
Total Expenditures	9,101,300	8,170,671	8,600,521	8,965,622	8,894,999	8,952,686	9,663,853	9,372,511	9,597,339	10,071,240
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(168,054)	219,534	51,402	113,425	11,204	111,208	(113,666)	730,300	619,628	689,419

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

UNAUDITED
(modified accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Refunded Bonds Issued				\$ 7,135,000						
Bonds Defeased				(7,167,000)						
Bond Premium				824,912	\$ 4,683					
Bond Issuance Costs				(103,126)						
Deferred Interest				(689,786)						
Capital Leases (Non Budgeted)						\$ 15,146				
Transfers In				630		19,008	\$ 12,500			
Transfers Out				(630)		(19,008)	(12,500)		\$ (13,522)	
Total Other Financing Sources (Uses)					4,683	15,146			(13,522)	
Net Change In Fund Balances	\$ (168,054)	\$ 219,534	\$ 51,402	\$ 113,425	\$ 15,887	\$ 126,354	\$ (113,666)	\$ 730,300	\$ 606,106	\$ 689,419
Debt Service As A Percentage Of Noncapital Expenditures	10.55%	11.46%	9.88%	9.64%	8.99%	8.99%	8.99%	8.74%	8.69%	8.23%

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Accounts Payable Cancelled	Other	Total
2010	\$ 1,082	\$ 90,132		\$ 19,345	\$ 110,559
2011	3,141	80,650		43,971	127,762
2012	1,633	99,401		27,778	128,812
2013		78,950	\$ 76,628	68,028	223,606
2014		70,300		27,108	97,408
2015		55,320		39,935	95,255
2016		81,805		29,398	111,203
2017	5,935	80,220	143,903	53,430	283,488
2018	28,414	67,850		55,134	151,398
2019	54,534	73,205		70,739	198,478

Source: Roseland Board of Education records

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

Year Ended December 31,	Vacant Land		Farm Qualified	Residential		Commercial		Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	\$			\$		\$									
2009	\$ 1,545,600		3,500	\$ 131,487,941		\$ 84,649,300		\$ 12,191,000	\$ 7,316,900	\$ 237,194,241	\$ 16,453,900	\$ 216,557	\$ 237,410,798	\$ 6.20	\$ 2,015,579,267
2010	* 21,591,600		4,600	987,424,646		666,755,200		85,871,000	53,906,200	1,815,553,246	51,103,780	1,913,146	1,817,466,392	0.84	1,980,725,360
2011	20,823,300		6,400	984,274,052		659,768,900		85,545,200	53,906,200	1,804,324,052	51,172,780	1,741,868	1,806,065,920	0.86	1,806,358,981
2012	14,864,900		6,400	983,130,652		579,971,400		85,210,500	53,906,200	1,717,090,052	53,022,680	1,612,156	1,714,631,808	0.94	1,876,699,561
2013	14,671,400		6,400	954,190,452		575,700,600		88,204,600	53,906,200	1,686,679,652	52,917,680	1,807,900	1,688,487,552	0.99	1,796,263,353
2014	14,517,100		6,400	951,345,752		563,386,400		91,276,600	53,906,200	1,674,438,452	56,702,880	1,466,700	1,675,905,152	1.01	1,791,196,093
2015	7,853,100		6,400	952,307,000		572,151,900		91,276,600	61,850,000	1,685,445,000	56,702,880	1,466,700	1,686,911,700	1.04	1,835,333,588
2016	7,729,700		6,400	955,023,000		570,801,300		89,465,800	76,017,700	1,699,043,900	57,807,880	1,559,200	1,700,603,100	1.04	1,818,332,621
2017	6,611,400		6,400	958,786,400		599,903,800		89,465,800	76,017,700	1,730,791,500	57,577,880	1,589,800	1,732,381,300	1.05	1,827,849,898
2018	6,254,700			959,776,900		538,277,200		89,465,800	76,017,700	1,669,792,300	58,713,780	1,634,100	1,671,426,400	1.09	1,757,512,485

* Revaluation Year

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Roseland Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Roseland	Essex County	
2009	\$ 5.54	\$ 0.66	\$ 6.20	\$ 3.40	\$ 3.22	\$ 12.82
2010	* 0.75	0.09	0.84	0.56	0.44	1.83
2011	0.77	0.09	0.86	0.58	0.43	1.87
2012	0.84	0.10	0.94	0.59	0.51	2.04
2013	0.89	0.10	0.99	0.60	0.45	2.04
2014	0.91	0.10	1.01	0.61	0.54	2.16
2015	0.94	0.10	1.04	0.62	0.56	2.22
2016	0.94	0.10	1.04	0.63	0.56	2.23
2017	0.95	0.10	1.05	0.64	0.56	2.25
2018	0.99	0.10	1.09	0.65	0.51	2.25

* Revaluation Year

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

		2019		2010	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston Ave	\$ 67,100,400	4.02 %	Cali (Office Associates)	\$ 27,392,000	11.54 %
ADP Incorporated - 1 ADP Boulevard	61,626,400	3.69 %	Prudential	18,000,000	7.58 %
Prudential Financial - 55 Livingston Ave	48,850,000	2.93 %	Organon	11,800,000	4.97 %
Roseland Owner LLC - 8 Eisenhower Pkwy	47,000,000	2.81 %	ADP Incorporated	10,498,500	4.42 %
56 Livingston Owner - 56 Livingston Ave	42,000,000	2.52 %	Segal Development	7,316,900	3.08 %
Becker Equities - 4 Becker Farm Road	36,355,600	2.18 %	Eagle Rock Associates	2,400,000	1.01 %
Eisenhower 101 FO, LLC - 101 Eisenhower Pkwy	29,429,700	1.76 %	MaarconRoseland, Inc.	2,316,700	0.98 %
Avalon Roseland LLC - 56 Locust Ave	29,017,700	1.74 %	American Bobst Holdings	2,000,000	0.84 %
Eisenhower 105 FO, LLC - 105 Eisenhower Pkwy	28,369,400	1.70 %	Sterling - Roseland LLC	1,736,500	0.73 %
Eisenhower 103 FO, LLC - 103 Eisenhower Pkwy	19,107,500	1.14 %	Livingston I Association	1,427,100	0.60 %
Total	\$ 408,856,700	24.49%		\$ 84,887,700	35.76%

Note: 2010 was a revaluation year.

Source: Municipal Tax Assessor

ROSELAND BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 7,388,269	\$ 7,388,269	100.00%	-0-
2011	7,399,543	7,399,543	100.00%	-0-
2012	7,534,582	7,534,582	100.00%	-0-
2013	7,674,570	7,674,570	100.00%	-0-
2014	7,673,532	7,673,532	100.00%	-0-
2015	7,738,395	7,738,395	100.00%	-0-
2016	8,109,079	8,109,079	100.00%	-0-
2017	8,275,004	8,275,004	100.00%	-0-
2018	8,501,769	8,501,769	100.00%	-0-
2019	8,769,841	8,769,841	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2010	\$ 10,103,000		\$ 10,103,000	3.30%	\$ 1,736
2011	9,668,000		9,668,000	3.00%	1,650
2012	9,213,000		9,213,000	2.84%	1,573
2013	8,701,000		8,701,000	2.68%	1,492
2014	8,140,000		8,140,000	2.38%	1,391
2015	7,610,000	\$ 12,333	7,622,333	2.16%	1,297
2016	7,045,000	9,250	7,054,250	1.97%	1,199
2017	6,460,000	6,167	6,466,167	1.71%	1,089
2018	5,850,000	3,084	5,853,084	1.57%	1,000
2019	5,220,000		5,220,000	1.40%	892

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2010	\$ 10,103,000	\$ 10,103,000	4.26%	\$ 1,736
2011	9,668,000	9,668,000	0.53% *	1,650
2012	9,213,000	9,213,000	0.51%	1,573
2013	8,701,000	8,701,000	0.51%	1,492
2014	8,140,000	8,140,000	0.48%	1,391
2015	7,610,000	7,610,000	0.45%	1,295
2016	7,045,000	7,045,000	0.42%	1,197
2017	6,460,000	6,460,000	0.38%	1,088
2018	5,850,000	5,850,000	0.34%	1,000
2019	5,220,000	5,220,000	0.31%	892

* - Revaluation year

Source: School District Financial Reports

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

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

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

ROSELAND BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Roseland	\$ 10,001,266	100.00%	\$ 10,001,266
Essex County General Obligation Debt (Borough Share)	524,217,998	1.96%	<u>10,273,237</u>
Other Debt			
West Essex Regional High School	10,010,000	25.452%	<u>2,547,745</u>
Subtotal, Overlapping Debt			22,822,248
Roseland School District Direct Debt			<u>5,220,000</u>
Total Direct And Overlapping Debt			<u>\$ 28,042,248</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

		Equalized valuation basis
	2018	\$ 2,068,622,770
	2017	1,770,091,604
	2016	1,827,321,897
		<u>\$ 5,666,036,271</u>
Average Equalized Valuation of Taxable Property		\$ 1,888,678,757
Debt Limit (2.5% of average equalization value)		47,216,969 ^a
Net Bonded School Debt		<u>5,220,000</u>
Legal Debt Margin		<u>\$ 41,996,969</u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 49,754,739	\$ 48,198,654	\$ 47,715,902	\$ 46,496,991	\$ 46,398,481
Total Net Debt Applicable to Limit	<u>10,103,000</u>	<u>9,668,000</u>	<u>9,213,000</u>	<u>8,701,000</u>	<u>8,140,000</u>
Legal Debt Margin	<u>\$ 39,651,739</u>	<u>\$ 38,530,654</u>	<u>\$ 38,502,902</u>	<u>\$ 37,795,991</u>	<u>\$ 38,258,481</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.31%	20.06%	19.31%	18.71%	17.54%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 45,131,871	\$ 45,021,938	\$ 45,296,786	\$ 44,931,469	\$ 47,216,969
Total Net Debt Applicable to Limit	<u>7,610,000</u>	<u>7,045,000</u>	<u>6,460,000</u>	<u>5,850,000</u>	<u>5,220,000</u>
Legal Debt Margin	<u>\$ 37,521,871</u>	<u>\$ 37,976,938</u>	<u>\$ 38,836,786</u>	<u>\$ 39,081,469</u>	<u>\$ 41,996,969</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	16.86%	15.65%	14.26%	13.02%	11.06%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2010	5,820	\$ 305,689,680	\$ 52,524	7.60%
2011	5,860	322,382,040	55,014	7.70%
2012	5,857	324,501,228	55,404	7.30%
2013	5,833	324,851,436	55,692	7.50%
2014	5,854	341,399,426	58,319	4.60%
2015	5,876	352,736,280	60,030	4.10%
2016	5,885	358,319,995	60,887	4.00%
2017	5,937	377,320,098	63,554	3.70%
2018	5,851	371,854,454	63,554 *	3.10%
2019	5,851 **	371,854,454 ***	63,554 *	N/A

* - Latest Essex County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest population data available (2018) and latest Essex County per capita personal income (2017)

N/A - Not Available

Source: School District Reports

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

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

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

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

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

	2019			2010		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
St. Barnabas Health Care System	24,000	N/A		Verizon Communications	18,000	N/A
Verizon	16,500	N/A		Continental Airlines	14,000	N/A
PSE&G	13,100	N/A		PSE&G	10,300	N/A
New Jersey Transit	10,978	N/A		Prudential Financial	8,119	N/A
Prudential Ins. Co. of America	9,180	N/A		Horizon Blue Cross Blue Shield	5,300	N/A
Newark Board of Education	4,845	N/A		JP Morgan Chase	4,808	N/A
Rutgers University - Newark Campus	4,400	N/A		Automatic Data Processing	4,666	N/A
City of Newark	4,200	N/A		Roche	3,715	N/A
Horizon Blue Cross Blue Shield	3,000	N/A		KPMG	2,265	N/A
Automatic Data Processing	1,650	N/A		Ricoh American Corp	1,400	N/A
	<u>91,853</u>	<u>N/A</u>			<u>72,573</u>	<u>N/A</u>

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	34.0	36.7	33.0	32.7	33.0	33.0	34.0	33.0	27.6	30.6
Special Education	25.1	16.0	22.5	22.5	22.5	22.5	24.1	22.0	25.9	24.5
Other Special Education	4.0	2.0	2.7	2.7	2.7	2.7	2.6	2.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	5.1	5.2	6.7	6.7	6.7	6.7	7.0	5.0	5.0	7.0
General Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	1.5
School Administrative Services	2.5	2.3	2.3	2.3	2.3	2.3	2.0	2.0	2.0	2.0
Business Administrative Services	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5
Total	78.3	69.7	74.7	74.4	74.7	74.7	77.7	72.0	70.5	74.1

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	504	\$ 7,848,753	\$ 15,573	4.15%	44	1:11.5	504	484	-1.42%	96.03%
2011	507	7,294,968	14,388	-7.61%	37	1:13.7	507	488	0.60%	96.25%
2012	494	7,643,111	15,472	7.53%	33	1:15.0	494	477	-2.56%	96.56%
2013	489	7,911,019	16,178	4.56%	33	1:15.0	489	470	-1.01%	96.11%
2014	461	8,071,301	17,508	8.22%	41	1:11.2	459	449	-6.13%	97.82%
2015	439	8,095,152	18,440	5.32%	43	1:10.2	436	419	-5.01%	96.10%
2016	432	8,232,893	19,058	3.35%	38	1:11.4	431	416	-1.15%	96.52%
2017	460	8,491,720	18,460	-3.13%	39	1:11.7	460	449	6.73%	97.61%
2018	460	8,613,429	18,725	1.43%	42	1:11.0	460	440	0.00%	95.65%
2019	469	9,153,760	19,518	4.23%	42	1:09.2	469	451	1.96%	96.16%

Source: Roseland Board of Education records

Note: Enrollment based on annual October district count.

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

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

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
Board of Education (1967)	615	615	615	615	615	615	615	615	615	615
Square Feet										
Lester C. Noecker School (1967, 2008)										
Square Feet	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043	77,043
Capacity (students)	582	582	582	582	582	582	582	582	582	582
Enrollment	504	507	494	489	461	439	432	460	460	469

Number of Schools at June 30, 2019
 Elementary = 1

Source: Roseland Board of Education Facilities Office

Note: Year of original construction and addition is shown in parentheses.
 Enrollment is based on the annual October district count.

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

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

School Facilities *	Projects #	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Lester C. Noecker School	N/A	\$ 48,870	\$ 78,695	\$ 67,155	\$ 48,627	\$ 55,235	\$ 37,254	\$ 47,739	\$ 84,328	\$ 63,842	\$ 65,848
		\$ 48,870	\$ 78,695	\$ 67,155	\$ 48,627	\$ 55,235	\$ 37,254	\$ 47,739	\$ 84,328	\$ 63,842	\$ 65,848

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

Source: Roseland Board of Education records

ROSELAND BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJSIG	Property Blanket Building & Contents Replacement Cost Values	\$20,013,131	\$1,000
	Earthquake	50,000,000	1,000
	Flood Zone A & V	25,000,000	500,000
	All Other Flood Zones	75,000,000	10,000
	General Liability		
	-Each Occurrence	31,000,000	
	Sexual Abuse	17,000,000	
	-Medical Expense Limit	5,000	
	-Employee Benefit Liability	31,000,000	1,000
	Automotivel Liability	31,000,000	
	Comprehensive & Collision as Scheduled		1,000
	Electronic Data Processing	350,000	1,000
	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	500,000	1,000
	-Theft, Disappearance & Destruction	25,000	500
	-Loss of money and securities on and off premise	25,000	500
	Forgery	500,000	1,000
	Computer Fraud	500,000	1,000
	Equipment Breakdown/Property Damage	100,000,000	1,000
	Board Of Education		
-Professional Liability Coverage A	31,000,000	5,000	
-Professional Liability Coverage B	\$100,000/\$300,000	5,000	
Fidelity Bonds			
-Treasurer of School Monies	180,000	1,000	
-School Business Administrator/Board Secretary	180,000	1,000	
Berkley/Markel Insurance Company	Student Accident Accidental/Catastrophe	5,000,000	
Morris/Essex Insurance Group (MEIG)	Worker's Compensation	1,000,000	

Source: Roseland Board of Education records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Roseland Borough School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



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

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

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Roseland Borough School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

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

Report on Internal Control Over Compliance

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

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

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

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

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP

NISIVOCCIA LLP



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

ROSELAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Accounts Receivable	Balance 6/30/19 Unearned Revenue	Due to Grantor 6/30/19	Amounts Paid to Subrecipients
					Unearned Revenue (Accounts Receivable) 6/30/18	Carryover/(Walkover) Amount						
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/18-6/30/19	\$ 6,664		\$ 6,664	\$ (3,772)			\$ 2,892		
Federal Food Distribution Program	10.555	N/A	7/1/17-6/30/18	8,345	\$ 4,181		(4,181)					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	17,452		16,073	(17,452)	\$ (1,379)				
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	16,240	(1,313)	1,313						
Total U.S. Department of Agriculture/Child Nutrition Cluster					2,868	24,050	(25,405)	(1,379)	2,892			
U.S. Department of Education												
Passed-through State Department of Education:												
Elementary and Secondary Education Act												
Title I Part A	84.010	ESEA-4530-19	7/1/18-6/30/19	37,614		30,869	(37,614)	(6,745)				
Title I Part A	84.010	ESEA-4530-18	7/1/17-6/30/18	37,706	(9,663)	9,663						
Title II Part A	84.278A	ESEA-3100-19	7/1/18-6/30/19	9,676		8,320	(9,676)	(1,356)				
Title II Part A	84.278A	ESEA-3100-18	7/1/17-6/30/18	19,619	(5,331)	5,331						
Title IV	84.186A	ESEA-3100-19	7/1/18-6/30/19	10,000		5,900	(10,000)	(4,100)				
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	IDEA-4530-18	7/1/18-6/30/19	5,061		5,061	(5,061)					
I.D.E.A. Part B, Basic	84.027	IDEA-4530-19	7/1/18-6/30/19	92,062		76,772	(92,062)	(15,290)				
I.D.E.A. Part B, Basic	84.027	IDEA-4530-18	7/1/17-6/30/18	91,280	(3,802)	3,802						
Total Special Education Cluster					(3,802)	85,635	(97,123)	(15,290)				
Total Special Revenue/U.S. Department of Education					(18,796)	145,718	(154,413)	(27,491)				
Total Federal Financial Awards					\$ (15,928)	\$ -0-	\$ 169,768	\$ (179,818)	\$ (28,870)	\$ 2,892	\$ -0-	\$ -0-

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

N/A - Not Available/Applicable

ROSELAND BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/18	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Balance 6/30/19	MEMO	
										Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:											
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	\$ 251,078			\$ 227,958	\$ (251,078)		\$ (23,120)	\$ 251,078	\$ 251,078
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	72,082			65,445	(72,082)		(6,637)	72,082	72,082
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	8,056			7,314	(8,056)		(742)	8,056	8,056
Extraordinary Aid	19-495-034-5120-044	7/1/18 - 6/30/19	88,484				(88,484)	\$ (88,484)	(88,484)	88,484	88,484
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19	644,979			644,979	(644,979)			644,979	644,979
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19	298,685			298,685	(298,685)			298,685	298,685
On-Behalf TPAF Non-Contributory Contributions	19-495-034-5094-004	7/1/18 - 6/30/19	13,501			13,501	(13,501)			13,501	13,501
On-Behalf TPAF Long-Term Disability Insurance Contributions	19-495-034-5094-004	7/1/18 - 6/30/19	928			928	(928)			928	928
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18 - 6/30/19	249,180			236,894	(249,180)	(12,286)	(12,286)	249,180	249,180
Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	251,078	\$ (22,884)		22,884				251,078	251,078
Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	23,894	(2,178)		2,178				23,894	23,894
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	8,056	(734)		734				8,056	8,056
Extraordinary Aid	18-495-034-5120-044	7/1/17 - 6/30/18	50,006	(49,812)		50,006	(194)			50,006	50,006
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	4,330	(395)		395				4,330	4,330
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	4,330	(395)		395				4,330	4,330
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	4,060	(370)		370				4,060	4,060
Total General Fund State Aid				(76,768)		1,572,666	(1,627,167)	(100,770)	(131,269)	1,972,728	1,972,728
Food Service Fund:											
State School Lunch Program	19-100-010-3350-023	7/1/18 - 6/30/19	1,838			1,692	(1,838)	(146)	(146)	1,838	1,838
State School Lunch Program	18-100-010-3350-023	7/1/17 - 6/30/18	1,766	(144)		144				1,766	1,766
Total Food Service Fund				(144)		1,836	(1,838)	(146)	(146)	3,604	3,604
Total State Awards				\$ (76,912)	\$ -0-	\$ 1,574,502	\$ (1,629,005)	\$ (100,916)	\$ (131,415)	\$ 1,976,332	\$ 1,976,332
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19	644,979							\$ 644,979	\$ 644,979
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19	298,685							298,685	298,685
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18 - 6/30/19	13,501							13,501	13,501
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 - 6/30/19	928							928	928
Subtotal - On-Behalf TPAF Pension System Contributions										958,093	958,093
Total State Awards Subject to Single Audit Major Program Determination										\$ (670,912)	\$ (670,912)

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

ROSELAND BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Roseland Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,543) for the general fund and (\$2,011) for the special revenue fund (of which \$245 applies to encumbrances of local grants). See exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

ROSELAND BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,623,624	\$ 1,623,624
Special Revenue Fund	\$ 152,157		152,157
Proprietary Fund	<u>25,405</u>	<u>1,838</u>	<u>27,243</u>
Total Financial Awards	<u>\$ 177,562</u>	<u>\$ 1,625,462</u>	<u>\$ 1,803,024</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2019. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

ROSELAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over each of the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance.*
- The auditor's report on compliance for each of the major state programs for the District expresses an unmodified opinion on the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

<u>State Program:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	\$ 251,078	\$ 251,078
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	8,056	8,056

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

ROSELAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

ROSELAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings/Recommendations:

There were no prior year findings.