

ROCKLEIGH BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Rockleigh, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Rockleigh Board of Education
Rockleigh, New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Business Administrator**

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INTRODUCTORY SECTION

ROCKLEIGH BOARD OF EDUCATION

**26 ROCKLEIGH ROAD
ROCKLEIGH, NEW JERSEY 07647**

Dr. Jason Roer,
School Business Administrator

phone 201-245-1946
fax 201-845-4206

January 9, 2021

Honorable President and
Members of the Board of Education
Rockleigh Board of Education
Rockleigh, New Jersey 07647

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Rockleigh Board of Education for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the Rockleigh Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Rockleigh Board of Education has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Rockleigh Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Rockleigh Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Rockleigh Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Rockleigh Board of Education for the fiscal year ended June 30, 2020, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Rockleigh Board of Education's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The District is not required to undergo a single audit in conformity with the provisions of the U.S. Uniform Guidance and the New Jersey State Treasury Circular Letter 15-08.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Rockleigh Board of Education's MD&A can be found immediately following the report of the independent auditors.

1) REPORTING ENTITY AND ITS SERVICES: Rockleigh Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Rockleigh Board of Education constitutes the District's reporting entity.

Although the District has no school, a full range of educational services from grade levels K through 12 are provided as a sending district. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2019-20 | 32 | (3.1%) |
| 2018-19 | 33 | 3.1% |
| 2017-18 | 32 | (8.6%) |
| 2016-17 | 35 | (2.8%) |
| 2015-16 | 36 | 9.1% |
| 2014-15 | 33 | 0% |
| 2013-14 | 33 | 13.8% |
| 2012-13 | 29 | 0% |
| 2011-12 | 29 | (9.4%) |
| 2010-11 | 32 | 18.5 |

2) ECONOMIC CONDITION AND OUTLOOK: The Rockleigh area is experiencing a period of development which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base in both residential and industrial and an increase in annual daily enrollment. This expansion is expected to continue which suggests that the Rockleigh area will continue to prosper.

3) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data be compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of 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 State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. An annual appropriated budget is adopted for the General Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

5) ACCOUNTING SYSTEM AND REPORTS: The District's financial statements reflect accounting principles generally accepted in the United States of America, 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 the "Notes to the Financial Statements".

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements". The District deposits 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.

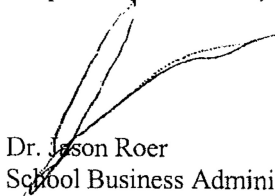
7) RISK MANAGEMENT: The Board carries insurance in the form of surety bonds for the Board Secretary and Treasurer. Additionally, the District carries "School Leaders Errors and Omissions" coverage and workers' compensation coverage.

8) OTHER INFORMATION: Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins, LLP, was selected by the Board. The auditor's report on the basic financial statements and individual fund statements and schedules are included in the financial section of this report.

9) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Rockleigh School Board 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.

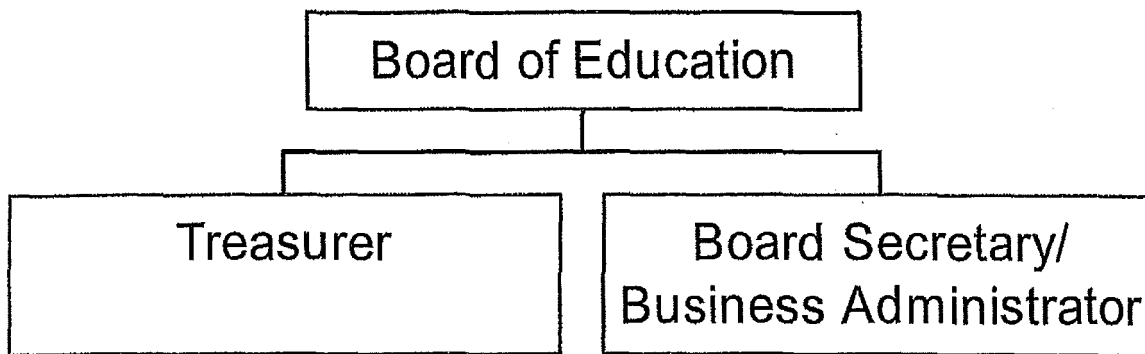
Respectfully submitted,



Dr. Jason Roer
School Business Administrator

Board of Education
Borough of Rockleigh, NJ 07647

ORGANIZATIONAL CHART



ROCKLEIGH BOARD OF EDUCATION

**ROSTER OF OFFICIALS
JUNE 30, 2020**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Rosanne Antine, President | 2022 |
| Alison Porto, Vice President | 2023 |
| Joella Rakovsky | 2021 |
| Maria Yuelys | 2025 |
| Herminia Venetsanos | 2024 |

Board of School Estimate

| | |
|-----------------|--------------------|
| Rosanne Antine | Board of Education |
| Alison Porto | Board of Education |
| John Mender | Council Member |
| James Pontone | Council Member |
| Robert Schaffer | Mayor |

Other Officials

Dr. Jason Roer, Business Administrator/Board Secretary
Gary Grembowiec, Treasurer of School Monies

**ROCKLEIGH BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 N
Fair Lawn, New Jersey 07410

Attorney

Winne Banta Basralian & Kahn, P.C.
Court Plaza South – East Wing
21 Main Street, Suite 101
P.O. Box 647
Hackensack, NJ 07602

Official Depository

PNC Bank

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rockleigh Board of Education
Rockleigh, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockleigh Board of Education's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Rockleigh Board of Education.

The schedule of expenditures of state financial assistance is the responsibility of management and was 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 schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

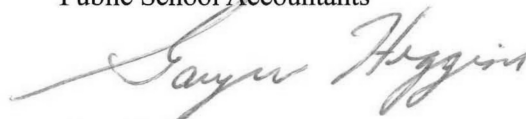
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2021 on our consideration of the Rockleigh Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Rockleigh Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rockleigh Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 9, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

This discussion and analysis of the Rockleigh Board of Education's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2020. The District is considered a nonoperating school district since the District has no facilities and sends all students to other districts. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020 are as follows:

- General revenues accounted for \$785,773 or 92 percent of all revenues. Program specific revenues in the form of state aid accounted for \$64,032 or 8 percent of total revenues of \$849,805.
- The School District had \$802,606 in expenses; only \$64,032 of these expenses are offset by program specific state aid. General revenues (primarily taxes) of \$785,773 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund had \$836,972 in revenues and \$789,773 in expenditures. The General Fund's fund balance increased by \$47,199 from the fiscal year ended June 30, 2019.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2020?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into governmental and business-type activities. The District has no business-type activities.

- Governmental activities – All programs and services are reported here including instruction, support services, and pupil transportation.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The General Fund is the District's only governmental fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2020 and 2019.

Table 1
Net Position
as of June 30, 2020 and 2019

| | Governmental Activities | |
|--------------------------|-------------------------|------------|
| | 2020 | 2019 |
| Assets | | |
| Current and Other Assets | \$ 552,919 | \$ 505,720 |
| Total Assets | 552,919 | 505,720 |
| | | |
| Net Position | | |
| Unrestricted | 552,919 | 505,720 |
| Total Net Position | \$ 552,919 | \$ 505,720 |

The District's net position were \$529,919 and \$505,720 at June 30, 2020 and 2019, respectively.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

The District as a Whole (Continued)

Table 2 shows changes in net position for the fiscal years ended June 30, 2020 and 2019.

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

| | Governmental Activities | |
|--|-------------------------|-----------|
| | 2020 | 2019 |
| Revenues | | |
| Program Revenues: | | |
| Grants and Contributions | \$ 64,032 | \$ 61,882 |
| General Revenues: | | |
| Property Taxes | 784,498 | 786,514 |
| Other | 1,275 | 1,590 |
| Total Revenues | 849,805 | 849,986 |
| Program Expenses | | |
| Instruction | 669,778 | 674,637 |
| Support Services: | | |
| General Administration and Business/Central Services | 59,737 | 60,504 |
| Pupil Transportation | 73,091 | 84,776 |
| Total Expenses | 802,606 | 819,917 |
| Change in Net Position | \$ 47,199 | \$ 30,069 |

Governmental Activities

The nature of funding public education is primarily through property taxes in New Jersey. Property taxes made up of 92 and 93 percent of revenues for governmental activities for the Rockleigh School District for the fiscal years 2020 and 2019, respectively. The District's total revenues were \$849,805 and \$849,986 for the fiscal years ended June 30, 2020 and 2019, respectively. State and local grants accounted for 8 and 7 percent of revenue for the fiscal years 2020 and 2019, respectively. The total cost of all programs and services was \$802,606 and \$819,917 for the fiscal years ended June 30, 2020 and 2019, respectively. Instruction comprises 83 and 82 percent of District expenses for fiscal years ended June 30, 2020 and 2019, respectively.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2020 and 2019. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Total and Net Cost of Services
For the Fiscal Years Ended June 30, 2020 and 2019

| | <u>Total Cost of Services</u> | | <u>Net Cost (Revenue) of Services</u> | |
|--|-------------------------------|-----------------------|---------------------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Instruction | \$ 669,778 | \$ 674,637 | \$ 657,386 | \$ 664,932 |
| Support Services: | | | | |
| Student and Instruction Related Services | | | | |
| General Administration and Business/ Central Services | 59,737 | 60,504 | 37,309 | 37,027 |
| Pupil Transportation | <u>73,091</u> | <u>84,776</u> | <u>43,879</u> | <u>56,076</u> |
| Total Expenses | <u>\$ 802,606</u> | <u>\$ 819,917</u> | <u>\$ 738,574</u> | <u>\$ 758,035</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teachers and students.

Student and Instruction Related Sources include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration and business/central services include expenses associated with administration and financial supervision of the District.

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

The District's Funds

All governmental funds (i.e., general fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$836,972 and \$835,572 and expenditures were \$802,606 and \$805,443 for the fiscal years ended June 30, 2020 and 2019, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

The District's Funds (Continued)

The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2020 and 2019.

| <u>Revenue</u> | <u>Amount</u> | | Amount of | Percent |
|----------------|-------------------|-------------------|------------------------|------------------------|
| | <u>2020</u> | <u>2019</u> | Increase (Decrease) | Increase (Decrease) |
| Local Sources | \$ 785,773 | \$ 787,991 | \$ (2,218) | -0.28% |
| State Sources | <u>51,199</u> | <u>47,521</u> | <u>3,678</u> | 7.74% |
| Total | <u>\$ 836,972</u> | <u>\$ 835,512</u> | <u>\$ 1,460</u> | 0.17% |

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2020 and 2019.

| <u>Expenditures</u> | <u>Amount</u> | | Amount of | Percent |
|---------------------|-------------------|-------------------|------------------------|------------------------|
| | <u>2020</u> | <u>2019</u> | Increase (Decrease) | Increase (Decrease) |
| Instruction | \$ 669,778 | \$ 674,637 | \$ (4,859) | -0.72% |
| Support Services | <u>119,995</u> | <u>130,806</u> | <u>(10,811)</u> | -8.26% |
| Total | <u>\$ 789,773</u> | <u>\$ 805,443</u> | <u>\$ (15,670)</u> | -1.95% |

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The District's only budgetary fund is the General Fund. The 2019/20 budget was approved by the Board of School Estimate.

During the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over expenditures in specific line item accounts.

**ROCKLEIGH BOARD OF EDUCATION
ROCKLEIGH, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

School District Structure

The Board of Education, operating as a Type I School District, consists of five members who are appointed by the Mayor of the Borough of Rockleigh. The Board members' terms shall be for a period of five years.

A Board of School Estimate was also established pursuant to N.J.S.A 18A:22-1 et seq. The Board is comprised of two members of the Board of Education appointed by it, two members of the governing body of the Borough appointed by it and the Mayor. The Board of School Estimate shall by April 8 fix and determine the amount of money necessary to operate the school for the ensuing school year. Members of the Board of School Estimate are appointed annually in December.

For the Future

Currently, the District is in good financial condition.

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

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Rockleigh Board of Education, P.O. Box 343, Closter, NJ 07624.

DISTRICT-WIDE FINANCIAL STATEMENTS

**ROCKLEIGH BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

| | <u>Governmental Activities</u> | <u>Total</u> |
|------------------------------------|------------------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 551,950 | \$ 551,950 |
| Receivables, net | | |
| Receivables from Other Governments | <u>969</u> | <u>969</u> |
| Total Assets | <u>552,919</u> | <u>552,919</u> |
| NET POSITION | | |
| Unrestricted | <u>552,919</u> | <u>552,919</u> |
| Total Net Position | <u>\$ 552,919</u> | <u>\$ 552,919</u> |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**ROCKLEIGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------|------------------|-------------------------|--|--|----------------------------|--------------|
| Governmental Activities | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| Instruction | | | | | | |
| Regular | \$ 456,832 | | | | \$ (456,852) | \$ (456,852) |
| Special Education | 212,926 | | 12,392 | | (200,534) | (200,534) |
| Support Services | | | | | | |
| General Administration Services | 16,823 | | 1,210 | | (15,613) | (15,613) |
| Pupil Transportation | 73,091 | | 29,212 | | (43,879) | (43,879) |
| Business/Central Services | 42,914 | - | 21,218 | - | (21,696) | (21,696) |
| Total Governmental Activities | 802,606 | - | 64,032 | - | (738,574) | (738,574) |
| Total Primary Government | \$ 802,606 | \$ - | \$ 64,032 | \$ - | (738,574) | (738,574) |
| General Revenues | | | | | | |
| Property Taxes | | | | | 784,498 | 784,498 |
| Miscellaneous Income | | | | | 1,275 | 1,275 |
| Total General Revenues | | | | | 785,773 | 785,773 |
| Change in Net Position | | | | | 47,199 | 47,199 |
| Net Position, Beginning of Year | | | | | 505,720 | 505,720 |
| Net Position, End of Year | | | | | \$ 552,919 | \$ 552,919 |

FUND FINANCIAL STATEMENTS

**ROCKLEIGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|--|--------------------------------|--|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 551,950 | \$ 551,950 |
| Receivables from Other Governments | 969 | 969 |
| | <hr/> | <hr/> |
| Total Assets | <u>\$ 552,919</u> | <u>\$ 552,919</u> |
| FUND BALANCES | | |
| Restricted Fund Balance: | | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | \$ 167,027 | \$ 167,027 |
| Excess Surplus | 133,313 | 133,313 |
| Assigned Fund Balance: | | |
| Designated for Subsequent Year's Expenditures | 5,973 | 5,973 |
| Unassigned Fund Balance | 246,606 | 246,606 |
| | <hr/> | <hr/> |
| Total Fund Balances | <u>552,919</u> | <u>552,919</u> |
| | | |
| Total Liabilities and Fund Balances | <u>\$ 552,919</u> | <u>\$ 552,919</u> |

Amounts reported for governmental activities in the statement of net position (A-1) are the same as the fund statements.

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ROCKLEIGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|--------------------------------|--|
| REVENUES | | |
| Local Sources | | |
| Property Tax Levy | \$ 784,498 | \$ 784,498 |
| Miscellaneous | 1,275 | 1,275 |
| | <hr/> | <hr/> |
| Total - Local Sources | 785,773 | 785,773 |
| State Sources | 51,199 | 51,199 |
| | <hr/> | <hr/> |
| Total Revenues | 836,972 | 836,972 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Current | | |
| Regular Instruction | 456,852 | 456,852 |
| Special Education Instruction | 212,926 | 212,926 |
| Support Services | | |
| General Administration Services | 15,613 | 15,613 |
| Pupil Transportation | 73,091 | 73,091 |
| Business/Central Services | 31,291 | 31,291 |
| | <hr/> | <hr/> |
| Total Expenditures | 789,773 | 789,773 |
| | <hr/> | <hr/> |
| Excess of Revenues Over Expenditures | 47,199 | 47,199 |
| Fund Balance, Beginning of Year | 505,720 | 505,720 |
| | <hr/> | <hr/> |
| Fund Balance, End of Year | \$ 552,919 | \$ 552,919 |
| | <hr/> | <hr/> |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ROCKLEIGH BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | |
|--|------------------|
| Total net change in fund balances - governmental funds (Exhibit B-2) | \$ <u>47,199</u> |
| Change in net position of governmental activities (Exhibit A-2) | \$ <u>47,199</u> |

**ROCKLEIGH BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

NOT APPLICABLE

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

| | <u>Unemployment Compensation Trust</u> | <u>Agency Fund</u> |
|---------------------------------------|--|--------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ <u>1,753</u> | \$ <u>1,263</u> |
| Total Assets | <u>1,753</u> | <u>\$ 1,263</u> |
| LIABILITIES | | |
| Payroll Deductions and Withholdings | <u>-</u> | \$ <u>1,263</u> |
| Total Liabilities | <u>-</u> | <u>\$ 1,263</u> |
| NET POSITION | | |
| Held in Trust for Unemployment Claims | <u>\$ 1,753</u> | |

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Unemployment Compensation Trust</u> |
|---------------------------------|--|
| ADDITIONS | |
| Investment Earnings | \$ 4 |
| Total Additions | <u>4</u> |
| Change in Net Position | 4 |
| Net Position, Beginning of Year | <u>1,749</u> |
| Net Position, End of Year | <u>\$ 1,753</u> |

NOTES TO THE FINANCIAL STATEMENTS

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rockleigh Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The District is a Type I school district based upon approval of the Borough voters on April 20, 2004. The Board consists of five appointed officials and is responsible for the fiscal control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Rockleigh Board of Education this includes general operations.

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

B. New Accounting Standards

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

C. Basis of Presentation - Financial Statements

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

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-Wide Financial Statements

C. Basis of Presentation - Financial Statements (Continued)

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

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

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

Fund Financial Statements

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

The District reports the following major governmental fund:

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

Additionally, the government reports the following fund types:

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

The *fiduciary agency funds* account for assets held by the District as an agent for payroll deductions and withholdings. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of claims and judgments which are recorded only when payment is due.

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

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

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

4. *Pensions*

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

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

. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there is one class of net position:

- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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

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

6. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The District shall prepare a budget annually and deliver said copy to each member of the Board of School Estimates on or before March 22 in each year. The Board of School Estimates shall have a public hearing on the budget subsequent to receiving the document between March 22 and March 29. After the public hearing, the Board of School Estimates shall fix and determine by official action taken at a public meeting of the Board the amount of money necessary to be appropriated for use by the District for the ensuing school year. The budget is submitted to the County Superintendent for review and approval prior to adoption.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$300,340. Of this amount, \$167,027 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$133,313 will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$554,966 and bank and brokerage firm balances of the Board's deposits amounted to \$577,238. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

| | |
|---------|-------------------|
| Insured | \$ <u>577,238</u> |
|---------|-------------------|

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board’s bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2020, the Board had no outstanding investments:

B. Receivables

Receivables as of June 30, 2020 for the district’s only major fund in the aggregate, including the applicable allowances for uncollectible accounts, is as follows:

| | <u>General</u> |
|-----------------------|----------------|
| Receivables: | |
| Intergovernmental - | |
| State | \$ 969 |
| Gross Receivables | 969 |
| Less: Allowance for | |
| Uncollectibles | - |
| Net Total Receivables | <u>\$ 969</u> |

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

| | |
|---|---------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 9,493,044 |
| Less: Net Debt | <u>-</u> |
| Remaining Borrowing Power | <u>\$ 9,493,044</u> |

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to errors and omissions and injuries to employees. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

| Fiscal Year Ended <u>June 30,</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|---|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2020 | | | | \$ 1,753 |
| 2019 | | | | 1,749 |
| 2018 | | | | 1,745 |

B. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement system (retirement system) covering substantially all Board employees who are eligible for pension coverage:

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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 represent the membership tiers for TPAF:

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

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

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

Other Pension Funds

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

The cost of living increase for TPAF, are funded directly by the system but is currently suspended as a result of reform legislation.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement system. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for TPAF of the employee’s annual compensation for fiscal year 2020.

The TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount.

During the fiscal years ended June 30, 2020, 2019 and 2018 the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended <u>June 30,</u> | On-behalf <u>TPAF</u> |
|---|--------------------------|
| 2020 | \$ 4,179 |
| 2019 | 3,711 |
| 2018 | 2,758 |

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,864 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,690 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$113,424. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .00018 percent, which was equal to its proportionate share measured as of June 30, 2018 of .00018 percent.

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55-4.55% Based on Years of Service |
| Thereafter | 2.75%-5.65% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 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 | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| US Equity | 28.00% | 8.26% |
| Non-US Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| High Yield | 2.00% | 5.37% |
| Real Assets | 2.50% | 9.31% |
| Private Credit | 6.00% | 7.92% |
| Real Estate | 7.50% | 8.33% |
| Private Equity | 12.00% | 10.85% |

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

| Fiscal Year | Measurement Date | Discount Rate |
|------------------------|-------------------------|----------------------|
| 2020 | June 30, 2019 | 5.60% |
| 2019 | June 30, 2018 | 4.86% |

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

| | |
|-----------------------------------|-------------------------------------|
| Long-Term Expected Rate of Return | Through June 30, 2054 |
| Municipal Bond Rate * | From July 1, 2054 and Thereafter |

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

| | 1% Decrease (4.60%) | Current Discount Rate (5.60%) | 1% Increase (6.60%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | \$ 133,752 | \$ 113,424 | \$ 96,558 |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

B. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

C. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

| | |
|---|----------------|
| Active Plan Members | 216,892 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 148,051 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | _____ - |
| Total | <u>364,943</u> |

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$1,550, \$1,781 and \$1,701, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$11,872. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$108,592. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .00026 percent, which was an increase of .00003 percent from its proportionate share measured as of June 30, 2018 of .00023 percent.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|-------------------------------------|--|
| Inflation Rate | 2.50% |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| TPAF: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 1.55% to 3.05% |
| Rate Thereafter | 1.55% to 3.05% |
| Mortality: | |
| PERS | Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| TPAF | Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019. |
| Long-Term Rate of Return | 2.00% |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**ROCKLEIGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|---------------------------|--------------------------------|-----------------------------|
| 2020 | June 30, 2019 | 3.50% |
| 2019 | June 30, 2018 | 3.87% |

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

| | Total OPEB Liability <u>(State Share 100%)</u> |
|--|--|
| Balance, June 30, 2018 Measurement Date | \$ <u>105,206</u> |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 10,558 |
| Interest on the Total OPEB Liability | 4,418 |
| Differences Between Expected and Actual Experience | (9,975) |
| Changes of Assumptions | 1,619 |
| Gross Benefit Payments | 99 |
| Contributions from the Member | <u>(3,333)</u> |
| Net Changes | \$ <u>3,386</u> |
| Balance, June 30, 2019 Measurement Date | \$ <u><u>108,592</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

| | 1% Decrease <u>(2.50%)</u> | Current Discount Rate <u>(3.50%)</u> | 1% Increase <u>(4.50%)</u> |
|--|---|---|---|
| State's Proportionate Share of the OPEB Liability Attributable to the District | \$ <u>128,290</u> | \$ <u>108,592</u> | \$ <u>92,945</u> |

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--|------------------------|--|------------------------|
| Total OPEB Liability (School Retirees) | \$ <u>89,475</u> | \$ <u>108,592</u> | \$ <u>133,899</u> |

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final Budget To Actual |
|--|--------------------|---------------------|-----------------|----------------|---------------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 784,498 | | \$ 784,498 | \$ 784,498 | |
| Miscellaneous | 500 | - | 500 | 1,275 | \$ 775 |
| Total Local Sources | <u>784,998</u> | <u>-</u> | <u>784,998</u> | <u>785,773</u> | <u>775</u> |
| State Sources | | | | | |
| Transportation Aid | 28,708 | | 28,708 | 28,708 | |
| Special Education Aid | 8,256 | | 8,256 | 8,256 | |
| Security Aid | 2,002 | | 2,002 | 2,002 | |
| Extraordinary Aid | | | | 5,091 | 5,091 |
| Non Public Transportation Aid | | | | 503 | 503 |
| On-behalf TPAF Pension Payments - Normal Costs (Non-Budget) | | | | 4,105 | 4,105 |
| On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget) | | | | 74 | 74 |
| On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget) | | | | 1,550 | 1,550 |
| On-behalf TPAF Social Security Payments (Non-Budget) | - | - | - | 1,864 | 1,864 |
| Total State Sources | <u>38,966</u> | <u>-</u> | <u>38,966</u> | <u>52,153</u> | <u>13,187</u> |
| Total Revenues | <u>823,964</u> | <u>-</u> | <u>823,964</u> | <u>837,926</u> | <u>13,962</u> |
| EXPENDITURES | | | | | |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to Other LEAs Within State - Regular | 514,446 | (11,098) | 503,348 | 456,852 | 46,496 |
| Tuition to Other LEAs Within State - Special | 135,980 | 11,098 | 147,078 | 147,071 | 7 |
| Tuition to Private Schools for the Disabled Outside the State | 72,818 | - | 72,818 | 65,855 | 6,963 |
| Total Instruction | <u>723,244</u> | <u>-</u> | <u>723,244</u> | <u>669,778</u> | <u>53,466</u> |
| Other Support Services-Students-Extra Services | | | | | |
| Purchased Professional/Educational Services | 7,400 | - | 7,400 | - | 7,400 |
| Total Other Support Services - Students - Extra Svc | <u>7,400</u> | <u>-</u> | <u>7,400</u> | <u>-</u> | <u>7,400</u> |
| Support Services General Administration | | | | | |
| Salaries | 2,856 | | 2,856 | 2,856 | - |
| Legal Services | 2,000 | | 2,000 | - | 2,000 |
| Audit Fees | 5,990 | | 5,990 | 5,469 | 521 |
| Miscellaneous Purchased Services | 8,000 | | 8,000 | 4,918 | 3,082 |
| General Supplies | 2,925 | | 2,925 | 498 | 2,427 |
| Miscellaneous Expenditures | 1,800 | | 1,800 | 1,413 | 387 |
| BOE Membership Dues and Fees | 741 | - | 741 | 405 | 336 |
| Total Support Services General Administration | <u>24,312</u> | <u>-</u> | <u>24,312</u> | <u>15,559</u> | <u>8,753</u> |

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|---------------------|-----------------|------------|--------------------------------|
| Central Services | | | | | |
| Salaries | \$ 21,504 | - | \$ 21,504 | \$ 21,504 | - |
| Total Central Services | 21,504 | - | 21,504 | 21,504 | - |
| Administrative Information Technology | | | | | |
| Purchased Technical Services | 3,600 | - | 3,600 | 1,900 | \$ 1,700 |
| Total Administrative Information Services | 3,600 | - | 3,600 | 1,900 | 1,700 |
| Student Transportation Services | | | | | |
| Contract Services - Aid in lieu of Payments - NonPublic | 6,000 | \$ (92) | 5,908 | 2,668 | 3,240 |
| Contract Services(Between Home and School) - Vendors | 42,094 | | 42,094 | 28,786 | 13,308 |
| Contract Services(Between Home and School) - Joint Agreement | 4,000 | 92 | 4,092 | 4,092 | - |
| Contract Services (Spl. Ed. Stds.)-Joint Agreements | 80,000 | - | 80,000 | 37,545 | 42,455 |
| Total Student Transportation Services | 132,094 | - | 132,094 | 73,091 | 59,003 |
| General Administration - Employee Benefits | | | | | |
| Social Security Contributions | 218 | 248 | 466 | | 466 |
| Workmen's Compensation | 700 | - | 700 | 348 | 352 |
| Total General Administration - Employee Benefits | 918 | 248 | 1,166 | 348 | 818 |
| Central Services - Employee Benefits | | | | | |
| Social Security Contributions | 1,646 | (248) | 1,398 | - | 1,398 |
| Total Central Services - Employee Benefits | 1,646 | (248) | 1,398 | - | 1,398 |
| On-behalf TPAF Pension Payments - Normal Costs (Non-Budget) | | | | 4,105 | (4,105) |
| On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget) | | | | 74 | (74) |
| On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget) | | | | 1,550 | (1,550) |
| On-behalf TPAF Social Security Payments (Non-Budget) | - | - | - | 1,864 | (1,864) |
| Total Undistributed Expenditures | 914,718 | - | 914,718 | 789,773 | 124,945 |
| Total Expenditures - Current Expenditures | 914,718 | - | 914,718 | 789,773 | 124,945 |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (90,754) | - | (90,754) | 48,153 | 138,907 |
| Fund Balance, Beginning of Year | 513,754 | - | 513,754 | 513,754 | - |
| Fund Balance, End of Year | \$ 423,000 | \$ - | \$ 423,000 | \$ 561,907 | \$ 138,907 |
| Recapitulation of Fund Balance | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | \$ 167,027 | |
| Excess Surplus | | | | 133,313 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 5,973 | |
| Unassigned Fund Balance | | | | 255,594 | |
| | | | | 561,907 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Less: State Aid Payments Not Recognized on GAAP Basis | | | | (8,988) | |
| Fund Balance Per Governmental Funds (GAAP) | | | | \$ 552,919 | |

**ROCKLEIGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

| | General Fund |
|---|-----------------------------|
| Sources/inflows of resources | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | (C-1) \$ 837,926 |
| Difference - Budget to GAAP: | |
| State Aid payment recognized for GAAP Statements, not recognized for budgetary purposes (prior year) | 8,034 |
| State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year) | <u>(8,988)</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | (B-2) \$ <u>836,972</u> |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule | (C-1) \$ <u>789,773</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | (B-2) \$ <u>789,773</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

| Teachers Pension and Annuity Fund | | Last Seven Fiscal Years* | | | | | | |
|--|------------|--------------------------|------------|------------|------------|-----------|-----------|------|
| | | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's Proportion of the Net Position Liability (Asset) | 0% | | 0% | 0% | 0% | 0% | 0% | 0% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | \$ 113,424 | \$ 116,342 | \$ 122,372 | \$ 142,019 | \$ 113,049 | \$ 96,252 | \$ 90,206 | |
| Total | \$ 113,424 | \$ 116,342 | \$ 122,372 | \$ 142,019 | \$ 113,049 | \$ 96,252 | \$ 90,206 | |
| District's Covered Payroll | \$ 20,848 | \$ 20,240 | \$ 19,648 | \$ 19,068 | \$ 18,694 | \$ 18,324 | \$ 17,964 | |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 0 | 0% | 0% | 0% | 0% | 0% | 0% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% | |

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

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

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Change of Benefit Terms: None.

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

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Three Fiscal Years*

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 10,558 | \$ 11,675 | \$ 14,496 |
| Interest on Total OPEB Liability | 4,418 | 4,622 | 3,554 |
| Differences Between Expected and Actual Experience | (9,975) | (15,092) | - |
| Changes of Assumptions | 1,619 | (12,073) | (15,694) |
| Gross Benefit Payments | (3,333) | (2,813) | (4,696) |
| Contributions from the Member | <u>99</u> | <u>97</u> | <u>173</u> |
| Net Change in Total OPEB Liability | 3,386 | (13,584) | (2,167) |
| Total OPEB Liability - Beginning | <u>105,206</u> | <u>118,790</u> | <u>120,957</u> |
| Total OPEB Liability - Ending | <u>\$ 108,592</u> | <u>\$ 105,206</u> | <u>\$ 118,790</u> |
| | | | |
| District's Proportionate Share of OPEB Liability | \$0 | \$0 | \$0 |
| State's Proportionate Share of OPEB Liability | <u>108,592</u> | <u>105,206</u> | <u>118,790</u> |
| Total OPEB Liability - Ending | <u>\$ 108,592</u> | <u>\$ 105,206</u> | <u>\$ 118,790</u> |
| | | | |
| District's Covered Payroll | <u>\$ 20,848</u> | <u>\$ 20,240</u> | <u>\$ 19,648</u> |
| | | | |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll | 0% | 0% | 0% |

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

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

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

**ROCKLEIGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

NOT APPLICABLE

FIDUCIARY FUNDS

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

Financial Statements are Presented on Exhibit B-7

**ROCKLEIGH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| | Balance, July 1, <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | Balance, June 30, <u>2020</u> |
|-------------------------------------|---|-------------------------|-------------------------|--|
| LIABILITIES | | | | |
| Payroll Deductions and Withholdings | \$ 1,184 | \$ 26,229 | \$ 26,150 | \$ 1,263 |
| Total | <u>\$ 1,184</u> | <u>\$ 26,229</u> | <u>\$ 26,150</u> | <u>\$ 1,263</u> |

LONG-TERM DEBT

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

ROCKLEIGH BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental activities | | | | | | | | | | |
| Unrestricted | \$ 43,123 | \$ 150,359 | \$ 161,400 | \$ 155,741 | \$ 314,785 | \$ 344,639 | \$ 426,335 | \$ 475,651 | \$ 505,720 | \$ 552,919 |
| Total governmental activities net position | \$ 43,123 | \$ 150,359 | \$ 161,400 | \$ 155,741 | \$ 314,785 | \$ 344,639 | \$ 426,335 | \$ 475,651 | \$ 505,720 | \$ 552,919 |
| District-wide | | | | | | | | | | |
| Unrestricted | \$ 43,123 | \$ 150,359 | \$ 161,400 | \$ 155,741 | \$ 314,785 | \$ 344,639 | \$ 426,335 | \$ 475,651 | \$ 505,720 | \$ 552,919 |
| Total district net position | \$ 43,123 | \$ 150,359 | \$ 161,400 | \$ 155,741 | \$ 314,785 | \$ 344,639 | \$ 426,335 | \$ 475,651 | \$ 505,720 | \$ 552,919 |

ROCKLEIGH BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 353,743 | \$ 338,573 | \$ 376,400 | \$ 463,047 | \$ 452,123 | \$ 547,384 | \$ 543,939 | \$ 480,207 | \$ 482,871 | \$ 456,852 |
| Special education | 202,101 | 134,818 | 190,531 | 175,325 | 133,257 | 131,890 | 85,377 | 128,679 | 191,766 | 212,926 |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 11,280 | 10,020 | 6,990 | 6,360 | 1,500 | 4,320 | | | | |
| General administration services | 15,149 | 17,059 | 16,221 | 14,330 | 14,646 | 14,344 | 15,164 | 16,782 | 16,649 | 16,823 |
| Pupil transportation | 85,852 | 79,159 | 68,352 | 81,151 | 44,624 | 48,896 | 44,519 | 51,241 | 84,776 | 73,091 |
| Business / Central Services | 21,685 | 22,609 | 23,813 | 23,846 | 29,012 | 31,354 | 35,749 | 47,280 | 43,855 | 42,914 |
| Total governmental activities expenses | <u>689,810</u> | <u>602,238</u> | <u>682,307</u> | <u>764,059</u> | <u>675,162</u> | <u>778,188</u> | <u>724,748</u> | <u>724,189</u> | <u>819,917</u> | <u>802,606</u> |
| Total district expenses | <u>\$ 689,810</u> | <u>\$ 602,238</u> | <u>\$ 682,307</u> | <u>\$ 764,059</u> | <u>\$ 675,162</u> | <u>\$ 778,188</u> | <u>\$ 724,748</u> | <u>\$ 724,189</u> | <u>\$ 819,917</u> | <u>\$ 802,606</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | \$ 40,995 | \$ 54,669 | \$ 38,778 | \$ 41,011 | \$ 55,423 | \$ 29,455 | \$ 36,637 | \$ 51,839 | \$ 61,882 | \$ 64,032 |
| Total governmental activities program revenues | <u>40,995</u> | <u>54,669</u> | <u>38,778</u> | <u>41,011</u> | <u>55,423</u> | <u>29,455</u> | <u>36,637</u> | <u>51,839</u> | <u>61,882</u> | <u>64,032</u> |
| Total district program revenues | <u>\$ 40,995</u> | <u>\$ 54,669</u> | <u>\$ 38,778</u> | <u>\$ 41,011</u> | <u>\$ 55,423</u> | <u>\$ 29,455</u> | <u>\$ 36,637</u> | <u>\$ 51,839</u> | <u>\$ 61,882</u> | <u>\$ 64,032</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | <u>\$ (648,815)</u> | <u>\$ (547,569)</u> | <u>\$ (643,529)</u> | <u>\$ (723,048)</u> | <u>\$ (619,739)</u> | <u>\$ (748,733)</u> | <u>\$ (688,111)</u> | <u>\$ (672,350)</u> | <u>\$ (758,035)</u> | <u>\$ (738,574)</u> |
| Total district-wide net expense | <u>\$ (648,815)</u> | <u>\$ (547,569)</u> | <u>\$ (643,529)</u> | <u>\$ (723,048)</u> | <u>\$ (619,739)</u> | <u>\$ (748,733)</u> | <u>\$ (688,111)</u> | <u>\$ (672,350)</u> | <u>\$ (758,035)</u> | <u>\$ (738,574)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 641,222 | \$ 654,046 | \$ 654,046 | \$ 712,860 | \$ 777,847 | \$ 777,847 | \$ 769,181 | \$ 720,363 | \$ 786,514 | \$ 784,498 |
| Unrestricted state aid | - | - | - | - | 333 | 370 | 370 | 370 | 113 | - |
| Miscellaneous income | 287 | 759 | 524 | 4,529 | 603 | 370 | 256 | 933 | 1,477 | 1,275 |
| Total governmental activities | <u>641,509</u> | <u>654,805</u> | <u>654,570</u> | <u>717,389</u> | <u>778,783</u> | <u>778,587</u> | <u>769,807</u> | <u>721,666</u> | <u>788,104</u> | <u>785,773</u> |
| Total district-wide | <u>\$ 641,509</u> | <u>\$ 654,805</u> | <u>\$ 654,570</u> | <u>\$ 717,389</u> | <u>\$ 778,783</u> | <u>\$ 778,587</u> | <u>\$ 769,807</u> | <u>\$ 721,666</u> | <u>\$ 788,104</u> | <u>\$ 785,773</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | <u>\$ (7,306)</u> | <u>\$ 107,236</u> | <u>\$ 11,041</u> | <u>\$ (5,659)</u> | <u>\$ 159,044</u> | <u>\$ 29,854</u> | <u>\$ 81,696</u> | <u>\$ 49,316</u> | <u>\$ 30,069</u> | <u>\$ 47,199</u> |
| Total district | <u>\$ (7,306)</u> | <u>\$ 107,236</u> | <u>\$ 11,041</u> | <u>\$ (5,659)</u> | <u>\$ 159,044</u> | <u>\$ 29,854</u> | <u>\$ 81,696</u> | <u>\$ 49,316</u> | <u>\$ 30,069</u> | <u>\$ 47,199</u> |

**ROCKLEIGH BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Fund | | | | | \$ 10,111 | \$ 49,199 | \$ 179,630 | \$ 224,773 | \$ 251,258 | \$ 300,340 |
| Restricted | | | | | | | | | | |
| Committed | | | | | | | | | | |
| Assigned | \$ 39,256 | \$ 50,123 | \$ 59,117 | \$ 59,117 | 59,117 | 52,229 | 1,670 | 1,735 | 6,523 | 5,973 |
| Unassigned | 3,867 | 100,236 | 102,283 | 96,624 | 245,557 | 243,211 | 245,035 | 249,143 | 247,939 | 246,606 |
| Total general fund | \$ 43,123 | \$ 150,359 | \$ 161,400 | \$ 155,741 | \$ 314,785 | \$ 344,639 | \$ 426,335 | \$ 475,651 | \$ 505,720 | \$ 552,919 |

ROCKLEIGH BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 641,222 | \$ 654,046 | \$ 654,046 | \$ 712,860 | \$ 777,847 | \$ 777,847 | \$ 769,181 | \$ 720,363 | \$ 786,514 | \$ 784,498 |
| Miscellaneous | 287 | 759 | 524 | 4,529 | 603 | 370 | 256 | 933 | 1,477 | 1,275 |
| State sources | 40,995 | 54,669 | 38,778 | 41,011 | 51,544 | 24,368 | 28,377 | 31,866 | 47,521 | 51,199 |
| Total revenue | <u>682,504</u> | <u>709,474</u> | <u>693,348</u> | <u>758,400</u> | <u>829,994</u> | <u>802,585</u> | <u>797,814</u> | <u>753,162</u> | <u>835,512</u> | <u>836,972</u> |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 353,743 | 338,573 | 376,400 | 463,047 | 452,123 | 547,384 | 543,939 | 480,207 | 482,871 | 456,852 |
| Special education instruction | 202,101 | 134,818 | 190,531 | 175,325 | 133,257 | 131,890 | 85,377 | 128,679 | 191,766 | 212,926 |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 11,280 | 10,020 | 6,990 | 6,360 | 1,500 | 4,320 | | | | |
| General administration services | 15,149 | 17,059 | 16,221 | 14,330 | 14,646 | 14,344 | 15,164 | 15,071 | 15,315 | 15,613 |
| Pupil transportation | 85,852 | 79,159 | 68,352 | 81,151 | 44,624 | 48,896 | 44,519 | 51,241 | 84,776 | 73,091 |
| Business/Central services | 21,685 | 22,609 | 23,813 | 23,846 | 24,800 | 25,897 | 27,119 | 28,648 | 30,715 | 31,291 |
| Total expenditures | <u>689,810</u> | <u>602,238</u> | <u>682,307</u> | <u>764,059</u> | <u>670,950</u> | <u>772,731</u> | <u>716,118</u> | <u>703,846</u> | <u>805,443</u> | <u>789,773</u> |
| Excess (Deficiency) of revenues over (under) expenditures | <u>(7,306)</u> | <u>107,236</u> | <u>11,041</u> | <u>(5,659)</u> | <u>159,044</u> | <u>29,854</u> | <u>81,696</u> | <u>49,316</u> | <u>30,069</u> | <u>47,199</u> |
| Net change in fund balances | <u>\$ (7,306)</u> | <u>\$ 107,236</u> | <u>\$ 11,041</u> | <u>\$ (5,659)</u> | <u>\$ 159,044</u> | <u>\$ 29,854</u> | <u>\$ 81,696</u> | <u>\$ 49,316</u> | <u>\$ 30,069</u> | <u>\$ 47,199</u> |
| Debt service as a percentage of noncapital expenditures | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A - Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Fiscal Year Ended June 30</u> | <u>Interest</u> | <u>Miscellaneous</u> | <u>Total</u> |
|---|------------------------|-----------------------------|---------------------|
| 2011 | \$ 235 | \$ 52 | \$ 287 |
| 2012 | 309 | 450 | 759 |
| 2013 | 524 | | 524 |
| 2014 | | 4,529 | 4,529 |
| 2015 | | 603 | 603 |
| 2016 | | 370 | 370 |
| 2017 | | 256 | 256 |
| 2018 | | 933 | 933 |
| 2019 | 1,448 | 29 | 1,477 |
| 2020 | 1,251 | 24 | 1,275 |

**ROCKLEIGH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^a |
|----------------------------|--------------|----------------|-----------|--------|---------------|------------|-----------|----------------------|------------------|-----------------------|---|---|
| 2011 | \$ 7,706,342 | \$ 117,281,200 | | | \$ 96,639,000 | | | \$ 221,626,542 | \$ 181,205 | \$ 221,807,747 | \$ 293,922,079 | \$ 0.294 |
| 2012 | 7,706,342 | 113,294,000 | | | 93,854,100 | | | 216,854,442 | 216,831 | 217,071,273 | 237,476,831 | 0.302 |
| 2013 | 7,706,342 | 112,289,500 | | | 94,671,400 | | | 214,667,242 | | 214,667,242 | 245,674,478 | 0.332 |
| 2014 | 8,046,342 | 110,198,600 | | | 94,671,400 | | | 212,916,342 | | 212,916,342 | 220,231,964 | 0.366 |
| 2015 | 8,046,342 | 110,995,600 | | | 96,075,700 | | | 215,117,642 | | 215,117,642 | 209,932,341 | 0.361 |
| 2016 | 8,369,700 | 115,538,000 | | \$ 642 | 97,748,000 | | | 221,656,342 | | 221,656,342 | 207,183,882 | 0.347 |
| 2017 | 8,039,700 | 116,418,600 | | 642 | 103,954,500 | | | 228,413,442 | | 228,413,442 | 188,026,659 | 0.316 |
| 2018 | 8,039,700 | 112,226,940 | | 7,932 | 103,954,500 | | | 224,229,072 | | 224,229,072 | 236,733,211 | 0.351 |
| 2019 | 6,764,700 | 114,301,940 | | 7,932 | 103,954,500 | | | 225,029,072 | | 225,029,072 | 256,922,808 | 0.349 |
| 2020 | 6,764,700 | 118,561,540 | | 7,932 | 99,105,800 | | | 224,439,972 | | 224,439,972 | 226,806,820 | 0.295 |

N/A - Not Available

Source: County Abstract of Ratables

^a Tax rates are per \$100

**ROCKLEIGH BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

| Calendar Year | Total Direct School Tax Rate | Overlapping Rates | | |
|--------------------------|---|----------------------------|----------------------|---------------------|
| | | <u>Municipality</u> | <u>County</u> | <u>Total</u> |
| 2011 | \$ 0.294 | \$ 0.490 | \$ 0.268 | \$ 1.052 |
| 2012 | 0.302 | 0.414 | 0.240 | 0.956 |
| 2013 | 0.332 | 0.414 | 0.260 | 1.006 |
| 2014 | 0.366 | 0.400 | 0.235 | 1.001 |
| 2015 | 0.361 | 0.394 | 0.234 | 0.989 |
| 2016 | 0.347 | 0.379 | 0.230 | 0.956 |
| 2017 | 0.316 | 0.349 | 0.208 | 0.873 |
| 2018 | 0.351 | 0.336 | 0.259 | 0.946 |
| 2019 | 0.349 | 0.332 | 0.278 | 0.959 |
| 2020 | 0.295 | 0.325 | 0.251 | 0.871 |

Source: Tax Collector

**ROCKLEIGH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

| | 2020 | | 2011 | |
|-------------------------------------|------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Tucc Medical Cntr Joint Venture LLC | \$ 23,844,200 | 10.62% | | |
| 26 Rockleigh LLC | 12,578,600 | 5.60% | | |
| Takasago International Corp USA | 10,328,300 | 4.60% | | |
| 22 Link Drive Rockleigh LLC | 8,170,800 | 3.64% | | |
| 7 Volvo Drive, Rockleigh, LLC | 6,838,000 | 3.05% | | |
| 15 Volvo Drive, Rockleigh, LLC | 6,199,000 | 2.76% | | |
| Volvo Cars of North America LLC | 4,982,500 | 2.22% | | |
| True World Group, LLC | 4,848,700 | 2.16% | | |
| JHF 1 Pond LLC | 4,223,700 | 1.88% | | |
| Individual Taxpayer #1 | 3,328,600 | 1.48% | | |
| | <u>\$ 85,342,400</u> | <u>38.02%</u> | | |

NOT AVAILABLE

Source: Municipal Tax Assessor

**ROCKLEIGH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Local School District Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|---|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2011 | \$ 641,222 | \$ 641,222 | 100.00% | |
| 2012 | 654,046 | 654,046 | 100.00% | |
| 2013 | 654,046 | 654,046 | 100.00% | |
| 2014 | 712,860 | 712,860 | 100.00% | |
| 2015 | 777,847 | 777,847 | 100.00% | |
| 2016 | 777,847 | 777,847 | 100.00% | |
| 2017 | 769,181 | 769,181 | 100.00% | |
| 2018 | 720,363 | 720,363 | 100.00% | |
| 2019 | 786,514 | 786,514 | 100.00% | |
| 2020 | 784,498 | 784,498 | 100.00% | |

**ROCKLEIGH BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
(Unaudited)**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
(Unaudited)**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Unaudited)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--|-------------------|-------------------|---------------------|
| Net Direct Debt of School District Borough of Rockleigh (1) | \$ 492,390 | \$ - | \$ 492,390 |
| | <u>\$ 492,390</u> | <u>\$ -</u> | 492,390 |
| Overlapping Debt Apportioned to the Municipality: | | | |
| County of Bergen (2) | | | <u>2,007,158</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 2,499,548</u> |

Sources:

- (1) Borough of Rockleigh 2019 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Borough by dividing the municipality's 2019 equalized value by the total equalized value for Bergen County for 2019

**ROCKLEIGH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2020

| | |
|---|-----------------------|
| Equalized valuation basis | \$ 222,801,061 |
| 2019 | 251,716,515 |
| 2018 | 237,460,694 |
| 2017 | <u>\$ 711,978,270</u> |
| | |
| Average equalized valuation of taxable property | <u>\$ 237,326,090</u> |
| | |
| Debt limit (4% of average equalization value) | 9,493,044 |
| Total Net Debt Applicable to Limit | - |
| Legal debt margin | <u>\$ 9,493,044</u> |

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt limit | \$ 9,884,055 | \$ 9,952,468 | \$ 10,298,585 | \$ 9,318,090 | \$ 8,867,400 | \$ 8,249,441 | \$ 7,731,918 | \$ 8,182,205 | \$ 8,906,533 | \$ 9,493,044 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$ 9,884,055</u> | <u>\$ 9,952,468</u> | <u>\$ 10,298,585</u> | <u>\$ 9,318,090</u> | <u>\$ 8,867,400</u> | <u>\$ 8,249,441</u> | <u>\$ 7,731,918</u> | <u>\$ 8,182,205</u> | <u>\$ 8,906,533</u> | <u>\$ 9,493,044</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: Annual Debt Statements

**ROCKLEIGH BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

| <u>Year Ended December 31,</u> | <u>Unemployment Rate</u> | <u>Per Capita Income</u> | <u>Population</u> |
|------------------------------------|------------------------------|------------------------------|-------------------|
| 2011 | -0- | \$ 69,053 | 525 |
| 2012 | -0- | 72,152 | 528 |
| 2013 | 5.2% | 71,679 | 530 |
| 2014 | 4.7% | 74,452 | 527 |
| 2015 | 4.5% | 77,666 | 530 |
| 2016 | 3.9% | 79,145 | 530 |
| 2017 | 3.8% | 81,483 | 530 |
| 2018 | 3.2% | 85,951 | 532 |
| 2019 | 3.1% | 85,951 * | 529 |
| 2020 | 3.1% * | 85,951 * | 529 * |

* = Estimate

Source: New Jersey Department of Labor, Bergen County
United States Bureau of Census
School District Records

ROCKLEIGH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| <u>Employer</u> | <u>2020</u> | | <u>2011</u> | |
|-----------------|------------------|---|------------------|---|
| | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> |

INFORMATION NOT AVAILABLE

**ROCKLEIGH BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

| <u>Function/Program</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Support Services: | | | | | | | | | | |
| Central services | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> |
| Total | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> | <u>0.5</u> |

Source: District Personnel Records

ROCKLEIGH BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Pupil/Teacher Ratio | | | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|---------------------|------------|---------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | Teaching Staff | Elementary | Middle School | Senior High School | Senior High School | | | | |
| 2011 | 32 | \$ 689,810 | \$ 21,557 | -10.69% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2012 | 29 | 602,238 | 20,767 | -3.66% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2013 | 29 | 682,307 | 23,527 | 13.29% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2014 | 33 | 764,059 | 23,153 | -1.59% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2015 | 33 | 670,950 | 20,332 | -12.19% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2016 | 36 | 772,731 | 21,465 | 5.57% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2017 | 35 | 716,118 | 20,461 | -4.68% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2018 | 32 | 703,846 | 21,995 | 7.50% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2019 | 33 | 805,443 | 24,407 | 10.97% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2020 | 33 | 775,773 | 23,508 | -3.68% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Sources: District records

Note: a Enrollment based on annual October district count.

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

c Cost per pupil represents operating expenditures divided by enrollment.

N/A - not applicable

**ROCKLEIGH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
(Unaudited)**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
(Unaudited)**

NOT APPLICABLE

ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2020
(Unaudited)

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| Educators Management & Employment Practices Liability | \$ 3,000,000 | \$ 10,000 |
| Official Bonds | | |
| School Business Administrator | 85,000 | |
| Treasurer of School Monies | 100,000 | |

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rockleigh Board of Education
Rockleigh, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockleigh Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Rockleigh Board of Education's basic financial statements and have issued our report thereon dated January 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

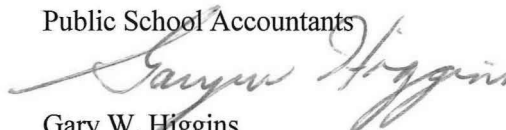
As part of obtaining reasonable assurance about whether the Rockleigh Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rockleigh Board of Education'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 Rockleigh Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 9, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | July 1, 2019 | | Cash Received | Budgetary Expenditures | Balance, June 30, 2020 | | Memo | |
|---|-------------------------------|----------------|--------------|--------------------------------|--------------------------------|---------------|------------------------|------------------------|------------------|-----------------|-------------------------------|
| | | | | Deferred Revenue (Accts. Rec.) | Deferred Revenue (Accts. Rec.) | | | (Accounts Receivable) | Deferred Revenue | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | |
| General Fund | | | | | | | | | | | |
| Special Education Categorical Aid | 20-495-034-5120-089 | 7/1/19-6/30/20 | \$ 8,256 | \$ 7,430 | \$ 8,256 | \$ 8,256 | \$ (826) | | \$ | | 8,256 |
| Special Education Categorical Aid Security Aid | 19-495-034-5120-089 | 7/1/18-6/30/19 | 4,291 | (429) | 429 | 2,002 | (200) | | | | 2,002 |
| Security Aid | 20-495-034-5120-084 | 7/1/19-6/30/20 | 2,002 | | 1,802 | | | | | | |
| Security Aid | 19-495-034-5120-084 | 7/1/18-6/30/19 | 2,002 | (200) | 200 | | | | | | |
| Total State Aid Public Cluster | | | | | 10,258 | | | | | | 10,258 |
| Nonpublic Transportation Aid | | | | | | | | | | | |
| Nonpublic Transportation Aid | 20-495-034-5120-014 | 7/1/19-6/30/20 | 503 | | 503 | | (503) | | \$ | (503) | 503 |
| Nonpublic Transportation Aid | 19-495-034-5120-014 | 7/1/18-6/30/19 | 1,440 | (1,440) | 1,440 | | | | | | |
| Transportation Aid | 20-495-034-5120-014 | 7/1/19-6/30/20 | 28,708 | | 25,837 | | (2,871) | | | | 28,708 |
| Transportation Aid | 19-495-034-5120-014 | 7/1/18-6/30/19 | 28,708 | (2,872) | 2,872 | | | | | | |
| Total Transportation Aid Cluster | | | | | 29,211 | | | | | | 29,211 |
| TPAF Social Security Tax | | | | | | | | | | | |
| TPAF Social Security Tax | 20-495-034-5094-003 | 7/1/19-6/30/20 | 1,864 | | 1,398 | | (466) | | | (466) | 1,864 |
| TPAF Social Security Tax | 19-495-034-5094-003 | 7/1/18-6/30/19 | 1,806 | (451) | 451 | | | | | | |
| T.P.A.F. OPEB Contributions - Post Retirement | | | | | | | | | | | |
| T.P.A.F. Pension Contributions - NCGI Premiums | 20-495-034-5094-001 | 7/1/19-6/30/20 | 1,550 | | 1,550 | | | | | | 1,550 |
| T.P.A.F. Pension Contributions - Normal Costs | 20-495-034-5094-004 | 7/1/19-6/30/20 | 74 | | 74 | | | | | | 74 |
| T.P.A.F. Pension Contributions - Extraordinary Aid | 20-495-034-5094-002 | 7/1/19-6/30/20 | 4,105 | | 4,105 | | | | | | 4,105 |
| Extraordinary Aid | 20-495-034-5120-044 | 7/1/19-6/30/20 | 5,091 | | 5,091 | | (5,091) | | | | 5,091 |
| Extraordinary Aid | 19-495-034-5120-044 | 7/1/18-6/30/19 | 4,533 | (4,533) | 4,533 | | | | | | |
| Total General Fund/State Financial Assistance Subject to Single Audit Determination | | | | (9,925) | 52,121 | | (9,957) | | | (969) | 52,153 |
| State Financial Assistance Not Subject to Major Program Determination | | | | | | | | | | | |
| General Fund | | | | | | | | | | | |
| T.P.A.F. OPEB Contributions - Post Retirement | 19-495-034-5094-001 | 7/1/19-6/30/20 | 1,550 | | (1,550) | | | | | | (1,550) |
| T.P.A.F. Pension Contributions - NCGI Premiums | 19-495-034-5094-004 | 7/1/19-6/30/20 | 74 | | (74) | | | | | | (74) |
| T.P.A.F. Pension Contributions - Normal Costs | 19-495-034-5094-002 | 7/1/19-6/30/20 | 4,105 | | (4,105) | | | | | | (4,105) |
| Total State Financial Assistance Subject to Major Program Determination | | | | (9,925) | 46,392 | | (9,957) | | | (969) | 46,424 |

Note - This schedule was not subject to a single audit pursuant to New Jersey OMB Circular 15-08.

**ROCKLEIGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

The accompanying schedule presents the activity of all state financial assistance programs of the Rockleigh Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule is prepared and presented using the budgetary basis of accounting. This basis of accounting is described in Notes 1(C) to the Board's financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$954 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

| | |
|--------------|------------------|
| | <u>State</u> |
| General Fund | \$ <u>51,199</u> |

NOTE 4 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$1,864 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$4,179 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,550 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

NOTE 5 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Unmodified
- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? yes X no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**ROCKLEIGH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

**ROCKLEIGH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.