

**ROCKAWAY TOWNSHIP  
SCHOOL DISTRICT**

**Rockaway Township School District  
Rockaway, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual  
Financial Report**

**of the**

**Rockaway Township School District**

**Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Rockaway Township Board of Education**

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**INTRODUCTORY SECTION**

**S.T.A.R.S.***Students and Teachers Achieve Real Success*

DR. GARY J. VITTA  
Superintendent of Schools

Administration Building  
16 School Road, P.O. Box 500  
Hibernia, N.J. 07842  
973-627-8200 ext. 215  
FAX 973-627-7968

October 11, 2010

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Rockaway Township School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of principal consultants and advisors. The financial section includes the Independent Auditor's Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped children. The District completed the 2009-2010 fiscal year with an average daily enrollment of 2,619 students, which is a decrease of 96 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the past five years:

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
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| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percentage Change</u> |
|--------------------|---------------------------|--------------------------|
| 2009-2010          | 2,619                     | -3.54%                   |
| 2008-2009          | 2,715                     | -1.16%                   |
| 2007-2008          | 2,747                     | -3.41%                   |
| 2006-2007          | 2,844                     | -0.21%                   |
| 2005-2006          | 2,850                     | 0.53%                    |

## 2) ECONOMIC CONDITION AND OUTLOOK:

Rockaway Township is experiencing a period of development and expansion that is expected to continue. The increasing number of businesses relocating to the area results in an increase in the employment level and tax base which suggests that the area will continue to prosper.

## 3) MAJOR INITIATIVES:

During the 2009-2010 academic year, the District made significant changes in the structure and content of its curriculum. Programmatic changes were made from a Literacy Based Reading Program and a Text Based Mathematics Program to a Balanced Literacy Program and Everyday Math Program. Since 2004, over \$1,000,000 has been committed to this initiative, including significant additions to the District's Instructional Support Staff and Classroom Teacher Training. Further refinements to these programs are planned for 2010-2011.

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

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

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

The Honorable President and Members  
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Rockaway Township School District  
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October 11, 2010

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

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

**7) DEBT ADMINISTRATION:** The District retired \$380,000 of its existing bonds during the fiscal year, and the District's outstanding bonded debt at June 30, 2010 consisted of \$6,860,000 of refunding school bonds. The District also has several capital leases for the purchase of vehicles and buses. Principal payments on the leases were \$400,204 during the fiscal year, and the balance at June 30, 2010 was \$945,604. Other details about the District's debt are included in Note 7 to the Basic Financial Statements.

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

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District's broker, G.R. Murray, Insurance, oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Board is a member of the School Alliance Insurance Fund (SAIF) and the New Jersey School Board Association Insurance Group (NJSBAIG). The SAIF and NJSBAIG are risk-sharing public entity risk pools that are both insured and self-administered groups of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the SAIF and NJSBAIG is included in Note 10 to the Basic Financial Statements.

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 4  
October 11, 2010

10) OTHER INFORMATION:

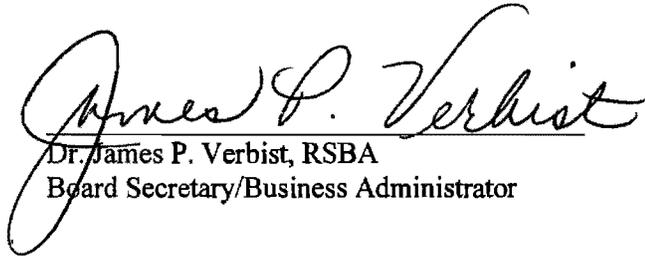
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



Dr. Gary J. Vitta  
Superintendent

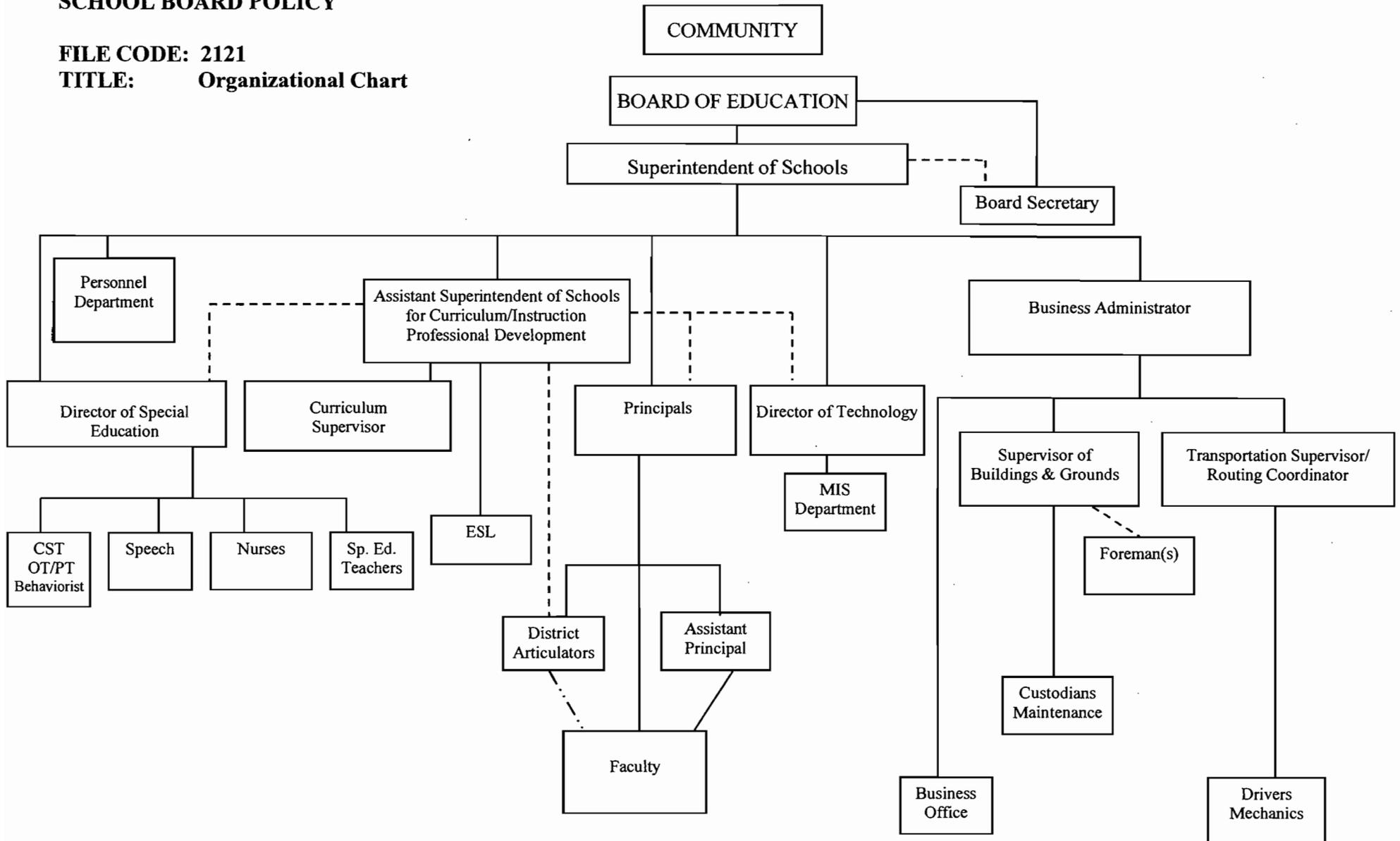


Dr. James P. Verbist, RSBA  
Board Secretary/Business Administrator

**ROCKAWAY TOWNSHIP PUBLIC SCHOOLS  
SCHOOL BOARD POLICY**

**FILE CODE: 2121**

**TITLE: Organizational Chart**



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The dash/dot line in the case of the District Articulators is non-supervisory in nature

|                  |          |         |         |
|------------------|----------|---------|---------|
| Revised: 2/23/72 | 10/27/75 | 1966    | 8/26/87 |
| 8/24/88          | 9/27/89  | 6/26/83 | 12/2000 |
| 3/2000           | 6/2005   | 4/28/99 | 7/18/07 |
| 11/18/09         |          | 9/2006  |         |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2010

Members of the Board of EducationTerm Expires

|                                    |      |
|------------------------------------|------|
| Frank P. Giarratano, President     | 2011 |
| Susan Shanik-Salny, Vice President | 2013 |
| Dr. Michael Friedberger            | 2013 |
| Joseph Jackson                     | 2012 |
| Diane Power                        | 2011 |
| Michael Puzio                      | 2013 |
| Frederick West                     | 2012 |

Other OfficialsTitle

|                      |                                                                                   |
|----------------------|-----------------------------------------------------------------------------------|
| Dr. Gary J. Vitta    | Superintendent                                                                    |
| Dr. James P. Verbist | Business Administrator/Board Secretary                                            |
| Dr. Deborah J. Grefe | Assistant Superintendent of Curriculum/<br>Instruction & Professional Development |
| Lisa Palmieri        | Treasurer                                                                         |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors

**Audit Firm**

Nisivoccia & Company LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

**Attorney**

Ms. Nathanya G. Simon  
Schwartz Simon Edelstein Celso & Kessler LLP  
44 Whippany Road  
P.O. Box 2355  
Morristown, NJ 07962-2355

**Official Depository**

PNC National Bank  
East Main Street  
Rockaway, New Jersey 07866

**FINANCIAL SECTION**

Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856-1320  
Phone: 973-328-1825  
Fax: 973-328-0507

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

### Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District in the County of Morris as of and for the fiscal year ended June 30, 2010 which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District in the County of Morris as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

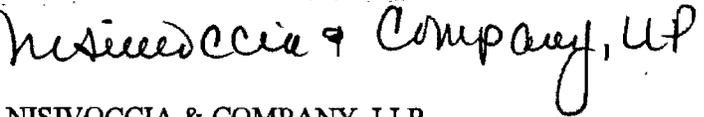
In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2010 on our consideration of the Board of Education of the Rockaway Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

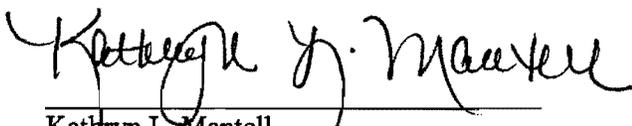
The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 2

The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Rockaway Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 11, 2010  
Mt. Arlington, New Jersey

  
NISIVOCCIA & COMPANY, LLP

  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

This section of Rockaway Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Financial Highlights**

- The District’s total net assets decreased by \$1,544,335 or 10.75%.
- Overall revenue was \$48,953,120.
- Overall expenditures were \$50,497,455.
- The District spent \$1,196,330 for capital outlay including building improvements, machinery and equipment and new school buses and vehicles.

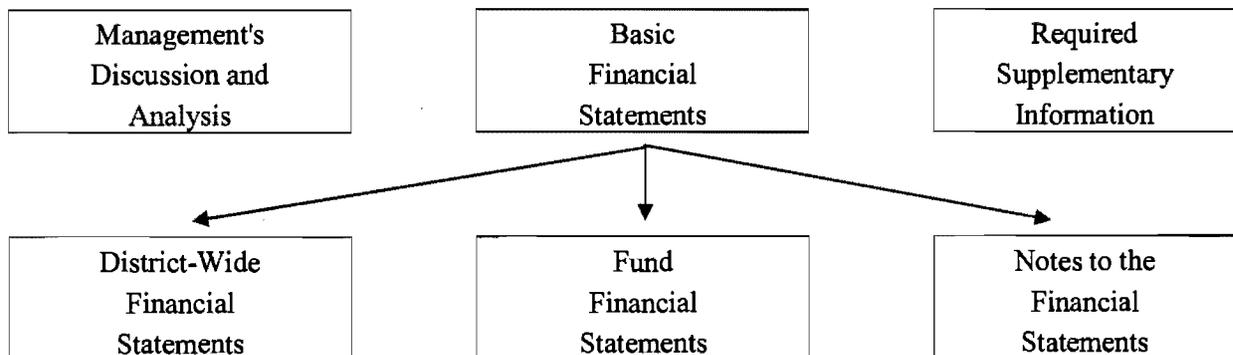
**Overview of the Financial Statements**

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

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

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

**Figure A-1  
Organization of Rockaway Township School District’s Financial Report**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

|                                        | District-Wide Statements                                                                                       | Fund Financial Statements                                                                                                                                                        |                                                                                                                                                                                     |                                                                                                                                               |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                        |                                                                                                                | Governmental Funds                                                                                                                                                               | Proprietary Funds                                                                                                                                                                   | Fiduciary Funds                                                                                                                               |
| Scope                                  | Entire district (except fiduciary funds)                                                                       | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance                                                         | Activities the district operates similar to private businesses: food services and summer enrichment programs                                                                        | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities          |
| Required Financial Statements          | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul> |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus                                                                | Modified accrual accounting and current financial resources focus                                                                                                                | Accrual accounting and economic resources focus                                                                                                                                     | Accrual accounting and economic resources focus                                                                                               |
| Type of Asset/Liability Information    | All assets and liabilities, both financial and capital, short-term and long-term                               | Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included                   | All assets and liabilities, both financial and capital, short-term and long-term                                                                                                    | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                   |
| Type of Inflow/Outflow Information     | All revenue and expenses during the year, regardless of when cash is received or paid                          | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenue and expenses during the year, regardless of when cash is received or paid                                                                                               | All additions and deductions during the year, regardless of when cash is received or paid                                                     |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

***District-wide Statements***

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

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

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

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

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

***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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

**Financial Analysis of the District as a Whole**

*Net Assets.* The District's *combined* net assets were \$12,815,303 on June 30, 2010, which is \$1,544,335, or 10.75%, less than they were the year before. (See Figure A-3).

**Figure A-3  
Condensed Statement of Net Assets**

|                                                    | Government Activities |                      | Business-Type Activities |                   | Total School District |                      | Percent Change |
|----------------------------------------------------|-----------------------|----------------------|--------------------------|-------------------|-----------------------|----------------------|----------------|
|                                                    | 2009/2010             | 2008/2009            | 2009/2010                | 2008/2009         | 2009/2010             | 2008/2009            |                |
| Current and Other Assets                           | \$ 2,663,332          | \$ 4,567,303         | \$ 221,949               | \$ 194,985        | \$ 2,885,281          | \$ 4,762,288         | -39.41%        |
| Capital Assets                                     | 19,690,194            | 19,791,415           | 80,412                   | 91,178            | 19,770,606            | 19,882,593           | -0.56%         |
| Total Assets                                       | <u>22,353,526</u>     | <u>24,358,718</u>    | <u>302,361</u>           | <u>286,163</u>    | <u>22,655,887</u>     | <u>24,644,881</u>    | -8.07%         |
| Long-Term Debt                                     | 9,344,509             | 9,868,745            |                          |                   | 9,344,509             | 9,868,745            | -5.31%         |
| Other Liabilities                                  | 395,527               | 281,394              | 100,548                  | 135,104           | 496,075               | 416,498              | 19.11%         |
| Total Liabilities                                  | <u>9,740,036</u>      | <u>10,150,139</u>    | <u>100,548</u>           | <u>135,104</u>    | <u>9,840,584</u>      | <u>10,285,243</u>    | -4.32%         |
| <b>Net Assets:</b>                                 |                       |                      |                          |                   |                       |                      |                |
| Invested in Capital Assets,<br>Net of Related Debt | 11,884,590            | 11,476,650           | 80,412                   | 91,178            | 11,965,002            | 11,567,828           | 3.43%          |
| Restricted                                         | 1,952,233             | 2,948,876            |                          |                   | 1,952,233             | 2,948,876            | -33.80%        |
| Unrestricted (Deficit)                             | <u>(1,223,333)</u>    | <u>(216,947)</u>     | <u>121,401</u>           | <u>59,881</u>     | <u>(1,101,932)</u>    | <u>(157,066)</u>     | -601.57%       |
| Total Net Assets                                   | <u>\$ 12,613,490</u>  | <u>\$ 14,208,579</u> | <u>\$ 201,813</u>        | <u>\$ 151,059</u> | <u>\$ 12,815,303</u>  | <u>\$ 14,359,638</u> | -10.75%        |

*Changes in Net Assets.* The District's combined net assets decreased \$1,544,335. Net assets from governmental activities decreased \$1,595,089 while net assets from business-type activities increased \$50,754. Net assets invested in capital assets increased \$397,174 due to reductions in long-term debt and the net effect of the acquisition of new equipment, buses and construction and current year depreciation. Restricted net assets decreased \$996,643 primarily due to a decrease in "excess surplus" pursuant to State statute. Unrestricted net assets decreased by \$944,866 primarily due to the increased use of fund balance (existing funds) to support the operations of the district as a result of reductions in state funding.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Figure A-4  
Changes in Net Assets from Operating Results**

|                                   | Governmental Activities |                     | Business-Type Activities |                    | Total School District |                     | Percent Change |
|-----------------------------------|-------------------------|---------------------|--------------------------|--------------------|-----------------------|---------------------|----------------|
|                                   | 2009/2010               | 2008/2009           | 2009/2010                | 2008/2009          | 2009/2010             | 2008/2009           |                |
| Revenue:                          |                         |                     |                          |                    |                       |                     |                |
| Program Revenue:                  |                         |                     |                          |                    |                       |                     |                |
| Charges for Services              | \$ 91,046               | \$ 206,120          | \$ 675,403               | \$ 694,049         | \$ 766,449            | \$ 900,169          | -14.85%        |
| Operating Grants/Contributions    | 6,763,967               | 6,293,411           | 189,857                  | 162,450            | 6,953,824             | 6,455,861           | 7.71%          |
| General Revenue:                  |                         |                     |                          |                    |                       |                     |                |
| Property Taxes                    | 39,109,380              | 38,792,404          |                          |                    | 39,109,380            | 38,792,404          | 0.82%          |
| Unrestricted Federal & State Aid  | 1,978,560               | 1,712,585           |                          |                    | 1,978,560             | 1,712,585           | 15.53%         |
| Other                             | 144,746                 | 260,355             | 161                      | 398                | 144,907               | 260,753             | -44.43%        |
| Total Revenue                     | <u>48,087,699</u>       | <u>47,264,875</u>   | <u>865,421</u>           | <u>856,897</u>     | <u>48,953,120</u>     | <u>48,121,772</u>   | 1.73%          |
| Expenses:                         |                         |                     |                          |                    |                       |                     |                |
| Instruction                       | 26,915,693              | 26,493,666          |                          |                    | 26,915,693            | 26,493,666          | 1.59%          |
| Pupil and Instruction Services    | 8,347,696               | 7,709,040           |                          |                    | 8,347,696             | 7,709,040           | 8.28%          |
| Administrative and Business       | 5,146,182               | 4,899,310           |                          |                    | 5,146,182             | 4,899,310           | 5.04%          |
| Maintenance and Operations        | 4,794,236               | 4,813,407           |                          |                    | 4,794,236             | 4,813,407           | -0.40%         |
| Transportation                    | 3,126,101               | 3,010,754           |                          |                    | 3,126,101             | 3,010,754           | 3.83%          |
| Special Schools                   | 44,501                  | 160,493             |                          |                    | 44,501                | 160,493             | -72.27%        |
| Other                             | 1,308,379               | 968,962             | 814,667                  | 875,247            | 2,123,046             | 1,844,209           | 15.12%         |
| Total Expenses                    | <u>49,682,788</u>       | <u>48,055,632</u>   | <u>814,667</u>           | <u>875,247</u>     | <u>50,497,455</u>     | <u>48,930,879</u>   | 3.20%          |
| Increase (Decrease) in Net Assets | <u>\$ (1,595,089)</u>   | <u>\$ (790,757)</u> | <u>\$ 50,754</u>         | <u>\$ (18,350)</u> | <u>\$ (1,544,335)</u> | <u>\$ (809,107)</u> | 90.87%         |

*Revenue Sources.* The District's total revenue for the 2009/2010 school year was \$48,953,120. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$39,109,380 of the total, or 79.89 percent. (See Figure A-5). Another \$5,872,876 or 12.00% came from state and federal aid for specific programs, \$3,059,508 or 6.25% came from State formula aid, and the remainder from miscellaneous sources. The Rockaway Township School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5  
Sources of School District Revenue - Fiscal Year 2010**

|                                      | Amount               | Percentage     |
|--------------------------------------|----------------------|----------------|
| Sources of Income:                   |                      |                |
| State Formula Aid                    | \$ 3,059,508         | 6.25%          |
| Property Taxes                       | 39,109,380           | 79.89%         |
| Federal and State Categorical Grants | 5,872,876            | 12.00%         |
| Charges for Services                 | 766,449              | 1.57%          |
| Other                                | 144,907              | 0.30%          |
| Total Revenue                        | <u>\$ 48,953,120</u> | <u>100.00%</u> |

The total cost of all programs and services was \$50,497,455. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (76.02%). (See Figure A-6.) The District's administration and business activities accounted for 10.19% of total costs. Maintenance and Operations costs constituted 9.49% of total costs. It is important to note that expenses for the year include \$1,025,339 in depreciation which is included in the "other" category.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Figure A-6  
Sources of School District Expenses - Fiscal Year 2010**

| Expense Category:              | Amount               | Percentage     |
|--------------------------------|----------------------|----------------|
| Instruction                    | \$ 26,915,693        | 53.30%         |
| Pupil and Instruction Services | 8,347,696            | 16.53%         |
| Administrative and Business    | 5,146,182            | 10.19%         |
| Maintenance and Operations     | 4,794,236            | 9.49%          |
| Transportation                 | 3,126,101            | 6.19%          |
| Special Schools                | 44,501               | 0.09%          |
| Other                          | 2,123,046            | 4.20%          |
|                                | <u>\$ 50,497,455</u> | <u>100.00%</u> |

***Governmental Activities***

The financial position of the District decreased \$1,544,335 over the course of the year due to the increased use of fund balance (or existing funds) to offset reductions in state aid in order to support planned expenditures. As a result of legislation (S-1701), the District is required to use \$230,964 of net assets to fund the 2010/11 budget. Existing programs with decreasing regular pupil enrollment and the provision of programs and services for students with special needs place great demands on the District's resources. During the past three years, several veteran teachers have retired and been replaced by teachers of less experience. Such changes have generated salary savings, but these have not been sufficient to offset the rising costs, decreasing enrollment, special education requirements and health benefits. It is crucial that the District examines its expenditures carefully, management of expenses remains essential for the District to maintain its financial health. State aid remains relatively level while costs continue to escalate.

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

**Figure A-7  
Net Cost of Governmental Activities**

|                                | Total Costs of Services |                      | Net Cost of Services |                      |
|--------------------------------|-------------------------|----------------------|----------------------|----------------------|
|                                | 2009/2010               | 2008/2009            | 2009/2010            | 2008/2009            |
| Instruction                    | \$ 26,915,693           | \$ 26,493,666        | \$ 21,133,664        | \$ 20,915,350        |
| Pupil and Instruction Services | 8,347,696               | 7,709,040            | 7,901,130            | 7,375,728            |
| Administration and Business    | 5,146,182               | 4,899,310            | 4,955,010            | 4,741,709            |
| Maintenance and Operations     | 4,794,236               | 4,813,407            | 4,794,236            | 4,813,407            |
| Transportation                 | 3,126,101               | 3,010,754            | 2,690,855            | 2,580,452            |
| Special Schools                | 44,501                  | 160,493              | 44,501               | 160,493              |
| Other                          | 1,308,379               | 968,962              | 1,308,379            | 968,962              |
|                                | <u>\$ 49,682,788</u>    | <u>\$ 48,055,632</u> | <u>\$ 42,827,775</u> | <u>\$ 41,556,101</u> |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

***Governmental Activities***

- The cost of all governmental activities this year was \$49,682,788.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$8,932,384.
- Most of the District's costs, however, were financed by District taxpayers (\$39,109,380).
- The remainder of the funding came from miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net assets from the District's business-type activities increased by \$50,754. (Refer to Figure A-4). Net assets for the food service program increased \$51,069 due to increase in state and federal subsidies, and the net assets for the summer enrichment program decreased \$315 primarily due to increased costs.

**Financial Analysis of the District's Funds**

The District's financial position remains stable despite changes in the student population and the rising cost of fixed obligations. Expenditures during the recent year rose significantly as a result of an increased number of pupils with special needs. A continued increase in special education enrollment has also forced the District to expand its classroom teaching staff. The cost of these teachers has been somewhat offset by salary reductions realized from the retirement of veteran staff members. Health benefit costs for all staff have increased dramatically in the past several years. The District must also consider the escalating costs for utilities and insurance.

Legislation (S-1701) which reduced the District's surplus funds to 2% of the budget has had a direct impact on the District's planning for upcoming years. The District now has less funds available in the event of an emergency or unanticipated special education tuition. Consideration must be given to suspending the practice of utilizing unappropriated fund balance to reduce the tax levy in future budgets. Increases in operating costs could exceed expected growth in the Township's ratables and could potentially increase local taxes in the future. In order to maintain a stable financial position, the District must continue its practice of sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were made up of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Capital Asset and Debt Administration**

**Figure A-8  
Capital Assets (Net of Depreciation)**

|                                             | Government Activities |                      | Business-Type Activities |                  | Total School District |                      | Percent Change |
|---------------------------------------------|-----------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|----------------|
|                                             | 2009/2010             | 2008/2009            | 2009/2010                | 2008/2009        | 2009/2010             | 2008/2009            |                |
| Land                                        | \$ 3,242,866          | \$ 3,242,866         |                          |                  | \$ 3,242,866          | \$ 3,242,866         | 0.00%          |
| Buildings and Building Improvements         | 13,178,624            | 13,192,033           |                          |                  | 13,178,624            | 13,192,033           | -0.10%         |
| Machinery & Equipment                       | 3,268,704             | 3,356,516            | \$ 80,412                | \$ 91,178        | 3,349,116             | 3,447,694            | -2.86%         |
| Total Capital Assets, (Net of Depreciation) | <u>\$ 19,690,194</u>  | <u>\$ 19,791,415</u> | <u>\$ 80,412</u>         | <u>\$ 91,178</u> | <u>\$ 19,770,606</u>  | <u>\$ 19,882,593</u> | -0.56%         |

The increase in capital assets is due to the acquisition of new technological equipment, buses and construction totaling \$928,417 which was offset by \$1,025,339 in current year depreciation. Additionally, assets with total historical cost of \$50,468 and accumulated depreciation of \$46,169, or net book value of \$4,299, were disposed during the year.

**Long-term Debt**

At year-end, the District had \$6,860,000 in general obligation bonds outstanding which were offset by deferred interest of \$172,205 and reported as a net \$6,687,795. The decrease from the previous year represents bond principal payments of \$380,000. Capital leases payable decreased \$129,161 as a result of the acquisition of new school buses totaling \$271,043 offset by lease payments of \$400,204. The District's compensated absences payable decreased overall by \$27,376. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9  
Outstanding Long-Term Debt**

|                                                              | Total School District |                     | Percent Change |
|--------------------------------------------------------------|-----------------------|---------------------|----------------|
|                                                              | 2009/2010             | 2008/2009           |                |
| General Obligation Bonds (Financed with Property Taxes), Net | \$ 6,687,795          | \$ 7,055,494        | -5.21%         |
| Obligations Under Capital Leases                             | 945,604               | 1,074,765           | -12.02%        |
| Other Long-term Liabilities                                  | 1,711,110             | 1,738,486           | -1.57%         |
|                                                              | <u>\$ 9,344,509</u>   | <u>\$ 9,868,745</u> | -5.31%         |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**Factors Bearing on the District's Future**

Increased special education enrollment District wide is placing a strain on our current facilities configuration resulting in programmatic redeployment. The existing facilities are adequate for the student population we are presently experiencing. With the advent of new State and Federal regulations, our facilities cannot adequately house our students due to the changes in regulations requiring facilities for the various programs.

Even though the District has been prudent in maintaining its facilities by allocating monies on a yearly basis for facility maintenance, it is not enough. The District's facilities are in need of renovation due to programmatic redeployment and the age of the facilities. Many of our facilities' operating equipment have reached the end of their operational lives (boilers, roofs, and HVAC equipment). These items need to be replaced and/or upgraded. The District may need to evaluate other funding options to achieve its facility goals.

Recent demographics studies have projected, based on proposed housing developments, a decrease in enrollment of 60 students as early as fiscal year 2010-2011. Despite the construction of additional space at Stony Brook and Copeland Middle School authorized in 1998, most of the District's six schools are currently near capacity.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact School Business Administrator/Board Secretary at Rockaway Township Board of Education, 16 School Road, Hibernia, NJ 07842.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

|                                                                               | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>                |
|-------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------|-----------------------------|
| <b>ASSETS:</b>                                                                |                                          |                                           |                             |
| Cash and Cash Equivalents                                                     | \$ 1,324,482                             | \$ 184,057                                | \$ 1,508,539                |
| Receivable from Federal Government                                            | 240,470                                  | 9,980                                     | 250,450                     |
| Receivable from State Government                                              | 599,836                                  | 719                                       | 600,555                     |
| Receivable from Other Governments                                             | 17,352                                   | 3,208                                     | 20,560                      |
| Inventories                                                                   |                                          | 23,147                                    | 23,147                      |
| Prepaid Expenses                                                              |                                          | 838                                       | 838                         |
| Deferred Charge - Unamortized Bond Issuance Costs                             | 94,532                                   |                                           | 94,532                      |
| <b>Restricted Assets:</b>                                                     |                                          |                                           |                             |
| Capital Reserve Account - Cash                                                | 386,660                                  |                                           | 386,660                     |
| <b>Capital Assets:</b>                                                        |                                          |                                           |                             |
| Sites (Land)                                                                  | 3,242,866                                |                                           | 3,242,866                   |
| Depreciable Building and Building Improvements<br>and Machinery and Equipment | <u>16,447,328</u>                        | <u>80,412</u>                             | <u>16,527,740</u>           |
| <b>Total Assets</b>                                                           | <u><u>22,353,526</u></u>                 | <u><u>302,361</u></u>                     | <u><u>22,655,887</u></u>    |
| <b>LIABILITIES:</b>                                                           |                                          |                                           |                             |
| Accrued Interest Payable                                                      | 92,077                                   |                                           | 92,077                      |
| Accounts Payable - Vendors                                                    | 283,574                                  | 50,398                                    | 333,972                     |
| Payable to State Government                                                   | 1,200                                    |                                           | 1,200                       |
| Deferred Revenue                                                              | 18,676                                   | 50,150                                    | 68,826                      |
| <b>Noncurrent Liabilities:</b>                                                |                                          |                                           |                             |
| Due Within One Year, Net                                                      | 851,746                                  |                                           | 851,746                     |
| Due Beyond One Year, Net                                                      | <u>8,492,763</u>                         |                                           | <u>8,492,763</u>            |
| <b>Total Liabilities</b>                                                      | <u><u>9,740,036</u></u>                  | <u><u>100,548</u></u>                     | <u><u>9,840,584</u></u>     |
| <b>NET ASSETS:</b>                                                            |                                          |                                           |                             |
| Invested in Capital Assets, Net of Related Debt                               | 11,884,590                               | 80,412                                    | 11,965,002                  |
| <b>Restricted for:</b>                                                        |                                          |                                           |                             |
| Capital Projects                                                              | 386,660                                  |                                           | 386,660                     |
| Other Purposes                                                                | 1,565,573                                |                                           | 1,565,573                   |
| Unrestricted (Deficit)                                                        | <u>(1,223,333)</u>                       | <u>121,401</u>                            | <u>(1,101,932)</u>          |
| <b>Total Net Assets</b>                                                       | <u><u>\$ 12,613,490</u></u>              | <u><u>\$ 201,813</u></u>                  | <u><u>\$ 12,815,303</u></u> |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Functions/Programs                     | Expenses          | Program Revenue         |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                     |
|----------------------------------------|-------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------------------------------|-----------------------------|---------------------|
|                                        |                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-type<br>Activities | Total               |
| <b>Governmental Activities:</b>        |                   |                         |                                          |                                        |                                                    |                             |                     |
| <b>Instruction:</b>                    |                   |                         |                                          |                                        |                                                    |                             |                     |
| Regular                                | \$ 18,069,950     |                         | \$ 1,952,169                             |                                        | \$ (16,117,781)                                    |                             | \$ (16,117,781)     |
| Special Education                      | 7,580,303         |                         | 3,695,769                                |                                        | (3,884,534)                                        |                             | (3,884,534)         |
| Other Special Instruction              | 974,195           |                         | 108,092                                  |                                        | (866,103)                                          |                             | (866,103)           |
| Other Instruction                      | 291,245           |                         | 25,999                                   |                                        | (265,246)                                          |                             | (265,246)           |
| <b>Support Services:</b>               |                   |                         |                                          |                                        |                                                    |                             |                     |
| Tuition                                | 1,484,917         | \$ 86,567               |                                          |                                        | (1,398,350)                                        |                             | (1,398,350)         |
| Student & Instruction Related Services | 6,862,779         |                         | 359,999                                  |                                        | (6,502,780)                                        |                             | (6,502,780)         |
| General Administration Services        | 1,008,390         |                         | 30,491                                   |                                        | (977,899)                                          |                             | (977,899)           |
| School Administration Services         | 2,712,353         |                         | 160,681                                  |                                        | (2,551,672)                                        |                             | (2,551,672)         |
| Central Services                       | 690,917           |                         |                                          |                                        | (690,917)                                          |                             | (690,917)           |
| Administrative Information Technology  | 734,522           |                         |                                          |                                        | (734,522)                                          |                             | (734,522)           |
| Plant Operations and Maintenance       | 4,794,236         |                         |                                          |                                        | (4,794,236)                                        |                             | (4,794,236)         |
| Pupil Transportation                   | 3,126,101         | 4,479                   | 430,767                                  |                                        | (2,690,855)                                        |                             | (2,690,855)         |
| Capital Outlay                         | 272,212           |                         |                                          |                                        | (272,212)                                          |                             | (272,212)           |
| Special Schools                        | 44,501            |                         |                                          |                                        | (44,501)                                           |                             | (44,501)            |
| Transfer of Funds to Charter Schools   | 83,786            |                         |                                          |                                        | (83,786)                                           |                             | (83,786)            |
| Interest on Long-Term Debt             | 297,501           |                         |                                          |                                        | (297,501)                                          |                             | (297,501)           |
| Unallocated Depreciation               | 654,880           |                         |                                          |                                        | (654,880)                                          |                             | (654,880)           |
| <b>Total Governmental Activities</b>   | <b>49,682,788</b> | <b>91,046</b>           | <b>6,763,967</b>                         |                                        | <b>(42,827,775)</b>                                |                             | <b>(42,827,775)</b> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Functions/Programs                               | Expenses      | Program Revenue         |                                          | Net (Expense) Revenue and<br>Changes in Net Assets |                            |                             |
|--------------------------------------------------|---------------|-------------------------|------------------------------------------|----------------------------------------------------|----------------------------|-----------------------------|
|                                                  |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions             | Governmental<br>Activities | Business-type<br>Activities |
| Business-type Activities:                        |               |                         |                                          |                                                    |                            |                             |
| Proprietary Funds                                | \$ 814,667    | \$ 675,403              | \$ 189,857                               |                                                    | \$ 50,593                  | \$ 50,593                   |
| Total Business-type Activities                   | 814,667       | 675,403                 | 189,857                                  |                                                    | 50,593                     | 50,593                      |
| Total Primary Government                         | \$ 50,497,455 | \$ 766,449              | \$ 6,953,824                             | \$ -0-                                             | (42,827,775)               | 50,593<br>(42,777,182)      |
| General Revenue:                                 |               |                         |                                          |                                                    |                            |                             |
| Property Taxes, Levied for General Purposes, Net |               |                         |                                          | 38,637,775                                         |                            | 38,637,775                  |
| Taxes Levied for Debt Service                    |               |                         |                                          | 471,605                                            |                            | 471,605                     |
| Federal and State Aid not Restricted             |               |                         |                                          | 1,978,560                                          |                            | 1,978,560                   |
| Miscellaneous Income                             |               |                         |                                          | 144,746                                            | 161                        | 144,907                     |
| Total General Revenue                            |               |                         |                                          | 41,232,686                                         | 161                        | 41,232,847                  |
| Change in Net Assets                             |               |                         |                                          | (1,595,089)                                        | 50,754                     | (1,544,335)                 |
| Net Assets - Beginning                           |               |                         |                                          | 14,208,579                                         | 151,059                    | 14,359,638                  |
| Net Assets - Ending                              |               |                         |                                          | \$ 12,613,490                                      | \$ 201,813                 | \$ 12,815,303               |

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

FUND FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

|                                                                                | General<br>Fund     | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------------------------|---------------------|----------------------------|-------------------------|--------------------------------|
| <b>ASSETS:</b>                                                                 |                     |                            |                         |                                |
| Cash and Cash Equivalents                                                      | \$ 1,203,608        | \$ 120,873                 | \$ 1                    | \$ 1,324,482                   |
| Receivables From State Government                                              | 599,836             |                            |                         | 599,836                        |
| Receivables From Federal Government                                            |                     | 240,470                    |                         | 240,470                        |
| Interfund Receivable                                                           | 322,153             |                            |                         | 322,153                        |
| Other Accounts Receivable                                                      | 17,352              |                            |                         | 17,352                         |
| Restricted Cash and Cash Equivalents                                           | 386,660             |                            |                         | 386,660                        |
| <b>Total Assets</b>                                                            | <b>\$ 2,529,609</b> | <b>\$ 361,343</b>          | <b>\$ 1</b>             | <b>\$ 2,890,953</b>            |
| <b>LIABILITIES AND FUND BALANCES:</b>                                          |                     |                            |                         |                                |
| Liabilities:                                                                   |                     |                            |                         |                                |
| Accounts Payable - Vendors                                                     | \$ 264,260          | \$ 19,314                  |                         | \$ 283,574                     |
| Interfund Payable                                                              |                     | 322,153                    |                         | 322,153                        |
| Payable to State Government                                                    |                     | 1,200                      |                         | 1,200                          |
| Deferred Revenue                                                               |                     | 18,676                     |                         | 18,676                         |
| <b>Total Liabilities</b>                                                       | <b>264,260</b>      | <b>361,343</b>             |                         | <b>625,603</b>                 |
| <b>LIABILITIES AND FUND BALANCES:</b>                                          |                     |                            |                         |                                |
| Fund Balances:                                                                 |                     |                            |                         |                                |
| Reserved for:                                                                  |                     |                            |                         |                                |
| Encumbrances                                                                   | 749,825             |                            |                         | 749,825                        |
| Capital Reserve Account                                                        | 386,660             |                            |                         | 386,660                        |
| Excess Surplus - Prior Year - Designated for<br>Subsequent Year's Expenditures | 230,964             |                            |                         | 230,964                        |
| Unreserved, Reported in:                                                       |                     |                            |                         |                                |
| General Fund:                                                                  |                     |                            |                         |                                |
| Designated for Subsequent Year's Expenditures                                  | 584,784             |                            |                         | 584,784                        |
| Unreserved/Undesignated                                                        | 313,116             |                            |                         | 313,116                        |
| Debt Service Fund                                                              |                     |                            | \$ 1                    | 1                              |
| <b>Total Fund Balances</b>                                                     | <b>2,265,349</b>    |                            | <b>1</b>                | <b>2,265,350</b>               |
| <b>Total Liabilities and Fund Balances</b>                                     | <b>\$ 2,529,609</b> | <b>\$ 361,343</b>          | <b>\$ 1</b>             | <b>\$ 2,890,953</b>            |

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are different because:

|                                                                                                                                                                                                              |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total Fund Balances (Above)                                                                                                                                                                                  | \$ 2,265,350         |
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$33,675,790 and accumulated depreciation is \$13,985,596. | 19,690,194           |
| Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.                                                    | (9,516,714)          |
| Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.                                                                                        | (92,077)             |
| Bond issuance costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The cost is \$128,293 of which \$33,761 has been amortized.                                   | 94,532               |
| Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The deferred interest is \$233,707 of which \$61,502 has been amortized.                  | 172,205              |
| <b>Net Assets of Governmental Activities</b>                                                                                                                                                                 | <b>\$ 12,613,490</b> |

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                           | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------|-------------------|----------------------------|-------------------------|--------------------------------|
| <b>REVENUE:</b>                           |                   |                            |                         |                                |
| Local Sources:                            |                   |                            |                         |                                |
| Local Tax Levy                            | \$ 38,637,775     |                            | \$ 471,605              | \$ 39,109,380                  |
| Tuition                                   | 86,567            |                            |                         | 86,567                         |
| Transportation Fees from Other LEAs       | 4,479             |                            |                         | 4,479                          |
| Interest Earned on Capital Reserve Funds  | 4,238             |                            |                         | 4,238                          |
| Miscellaneous                             | 140,508           |                            |                         | 140,508                        |
| Total - Local Sources                     | 38,873,567        |                            | 471,605                 | 39,345,172                     |
| State Sources                             | 6,631,334         |                            | 191,276                 | 6,822,610                      |
| Federal Sources                           | 624,960           | \$ 1,294,957               |                         | 1,919,917                      |
| <b>Total Revenue</b>                      | <b>46,129,861</b> | <b>1,294,957</b>           | <b>662,881</b>          | <b>48,087,699</b>              |
| <b>EXPENDITURES:</b>                      |                   |                            |                         |                                |
| Current:                                  |                   |                            |                         |                                |
| Regular Instruction                       | 12,621,246        | 80,119                     |                         | 12,701,365                     |
| Special Education Instruction             | 5,114,620         | 145,458                    |                         | 5,260,078                      |
| Other Special Instruction                 | 660,603           |                            |                         | 660,603                        |
| Other Instruction                         | 215,817           |                            |                         | 215,817                        |
| Support Services and Undistributed Costs: |                   |                            |                         |                                |
| Tuition                                   | 955,550           | 529,367                    |                         | 1,484,917                      |
| Student & Instruction Related Services    | 5,157,221         | 289,196                    |                         | 5,446,417                      |
| General Administration Services           | 831,929           |                            |                         | 831,929                        |
| School Administration Services            | 2,045,203         |                            |                         | 2,045,203                      |
| Central Services                          | 515,889           |                            |                         | 515,889                        |
| Administrative Information Technology     | 641,054           |                            |                         | 641,054                        |
| Plant Operations and Maintenance          | 4,195,682         |                            |                         | 4,195,682                      |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                      | General<br>Fund     | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|------------------------------------------------------|---------------------|----------------------------|-------------------------|--------------------------------|
| <b>EXPENDITURES:</b>                                 |                     |                            |                         |                                |
| Current:                                             |                     |                            |                         |                                |
| Support Services and Undistributed Costs:            |                     |                            |                         |                                |
| Pupil Transportation                                 | \$ 2,775,026        |                            |                         | \$ 2,775,026                   |
| Unallocated Benefits                                 | 11,622,564          |                            |                         | 11,622,564                     |
| Capital Outlay                                       | 945,513             | \$ 250,817                 |                         | 1,196,330                      |
| Special Schools                                      | 34,986              |                            |                         | 34,986                         |
| Transfer to Charter School                           | 83,786              |                            |                         | 83,786                         |
| Debt Service:                                        |                     |                            |                         |                                |
| Principal                                            |                     |                            | \$ 380,000              | 380,000                        |
| Interest and Other Charges                           |                     |                            | 282,881                 | 282,881                        |
| <b>Total Expenditures</b>                            | <b>48,416,689</b>   | <b>1,294,957</b>           | <b>662,881</b>          | <b>50,374,527</b>              |
| <b>Excess (Deficit) of Revenue over Expenditures</b> | <b>(2,286,828)</b>  |                            |                         | <b>(2,286,828)</b>             |
| <b>OTHER FINANCING SOURCES:</b>                      |                     |                            |                         |                                |
| Capital Leases (Non-Budgeted)                        | 271,043             |                            |                         | 271,043                        |
| <b>Total Other Financing Sources</b>                 | <b>271,043</b>      |                            |                         | <b>271,043</b>                 |
| <b>Net Change in Fund Balances</b>                   | <b>(2,015,785)</b>  |                            |                         | <b>(2,015,785)</b>             |
| <b>Fund Balance—July 1</b>                           | <b>4,281,134</b>    |                            | <b>1</b>                | <b>4,281,135</b>               |
| <b>Fund Balance—June 30</b>                          | <b>\$ 2,265,349</b> | <b>\$ - 0 -</b>            | <b>\$ 1</b>             | <b>\$ 2,265,350</b>            |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (2,015,785)

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and the disposal of capital assets in the period.

|  |                                                             |                |           |
|--|-------------------------------------------------------------|----------------|-----------|
|  | Depreciation Expense                                        | \$ (1,025,339) |           |
|  | Disposal of Capital Assets, Net of Accumulated Depreciation | (4,299)        |           |
|  | Capital Outlays                                             | <u>928,417</u> | (101,221) |

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

27,376

Lease obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Assets and are not reported in the Statement of Activities.

(271,043)

Repayment of capital lease is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities (+).

400,204

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities (+).

380,000

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                                                                                                                                                                        |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).      | \$ (12,301)           |
| Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition to the reconciliation (+). | 4,433                 |
| The governmental funds report the effect of issuance costs when debt is first issued, where as these amounts are deferred and amortized in the statement of activities (-).                                            | <u>(6,752)</u>        |
| Change in Net Assets of Governmental Activities (from Exhibit A-2)                                                                                                                                                     | <u>\$ (1,595,089)</u> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

|                                                 | <u>Non-Major<br/>Business-Type<br/>Activities<br/>Enterprise Funds</u> |
|-------------------------------------------------|------------------------------------------------------------------------|
| <b>ASSETS:</b>                                  |                                                                        |
| <b>Current Assets:</b>                          |                                                                        |
| Cash and Cash Equivalents                       | \$ 184,057                                                             |
| Accounts Receivable:                            |                                                                        |
| State                                           | 719                                                                    |
| Federal                                         | 9,980                                                                  |
| Other                                           | 3,208                                                                  |
| Prepaid Expenses                                | 838                                                                    |
| Inventories                                     | <u>23,147</u>                                                          |
| <br>Total Current Assets                        | <br><u>221,949</u>                                                     |
| <br><b>Capital Assets:</b>                      |                                                                        |
| Equipment                                       | 244,825                                                                |
| Accumulated Depreciation                        | <u>(164,413)</u>                                                       |
| <br>Total Capital Assets                        | <br><u>80,412</u>                                                      |
| <br>Total Assets                                | <br><u>302,361</u>                                                     |
| <br><b>LIABILITIES:</b>                         |                                                                        |
| <b>Current Liabilities:</b>                     |                                                                        |
| Accounts Payable - Vendors                      | 50,398                                                                 |
| Deferred Revenue                                | <u>50,150</u>                                                          |
| <br>Total Current Liabilities                   | <br><u>100,548</u>                                                     |
| <br><b>NET ASSETS:</b>                          |                                                                        |
| Invested in Capital Assets, Net of Related Debt | 80,412                                                                 |
| Unrestricted                                    | <u>121,401</u>                                                         |
| <br>Total Net Assets                            | <br><u>\$ 201,813</u>                                                  |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                         | <u>Non-Major<br/>Business-Type<br/>Activities<br/>Enterprise Funds</u> |
|-----------------------------------------|------------------------------------------------------------------------|
| Operating Revenue:                      |                                                                        |
| Local Sources:                          |                                                                        |
| Daily Sales - Reimbursable Programs     | \$ 368,322                                                             |
| Daily Sales - Non-Reimbursable Programs | 195,911                                                                |
| Special Functions                       | 18,777                                                                 |
| Miscellaneous Program Fees              | <u>92,393</u>                                                          |
| <br>Total Operating Revenue             | <br><u>675,403</u>                                                     |
| <br>Operating Expenses:                 |                                                                        |
| Cost of Sales                           | 340,597                                                                |
| Salaries                                | 299,679                                                                |
| Supplies and Materials                  | 23,940                                                                 |
| Employee Benefits                       | 67,257                                                                 |
| Purchased Professional Services         | 68,578                                                                 |
| Transportation                          | 3,850                                                                  |
| Depreciation                            | <u>10,766</u>                                                          |
| <br>Total Operating Expenses            | <br><u>814,667</u>                                                     |
| <br>Operating Loss                      | <br><u>(139,264)</u>                                                   |
| <br>Non-Operating Revenue:              |                                                                        |
| State Sources:                          |                                                                        |
| State School Lunch Program              | 9,839                                                                  |
| State School Breakfast Program          | 421                                                                    |
| Federal Sources:                        |                                                                        |
| National School Lunch Program           | 131,240                                                                |
| National School Breakfast Program       | 5,224                                                                  |
| Special Milk Program                    | 2,525                                                                  |
| Food Distribution Program               | 40,608                                                                 |
| Interest Income                         | <u>161</u>                                                             |
| <br>Total Non-Operating Revenue         | <br><u>190,018</u>                                                     |
| <br>Change in Net Assets                | <br>50,754                                                             |
| <br>Net Assets - Beginning of Year      | <br><u>151,059</u>                                                     |
| <br>Net Assets - End of Year            | <br><u>\$ 201,813</u>                                                  |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                               | <u>Non-Major<br/>Business-Type<br/>Activities<br/>Enterprise Funds</u> |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Cash Flows from Operating Activities:                                         |                                                                        |
| Receipts from Customers                                                       | \$ 668,135                                                             |
| Payments to Employees                                                         | (366,936)                                                              |
| Payments to Suppliers                                                         | (428,796)                                                              |
|                                                                               | (127,597)                                                              |
| Net Cash Used for Operating Activities                                        | (127,597)                                                              |
| Cash Flows from Investing Activities:                                         |                                                                        |
| Interest Income                                                               | 161                                                                    |
|                                                                               | 161                                                                    |
| Net Cash Provided by Investing Activities                                     | 161                                                                    |
| Cash Flows from Noncapital Financing Activities:                              |                                                                        |
| Cash Received from State and Federal Reimbursements                           | 148,764                                                                |
|                                                                               | 148,764                                                                |
| Net Cash Provided by Noncapital Financing Activities                          | 148,764                                                                |
| Net Increase/(Decrease) in Cash and Cash Equivalents                          | 21,328                                                                 |
| Cash and Cash Equivalents, July 1                                             | 162,729                                                                |
| Cash and Cash Equivalents, June 30                                            | \$ 184,057                                                             |
| Reconciliation of Operating Loss to Net Cash used for Operating Activities:   |                                                                        |
| Operating Loss                                                                | \$ (139,264)                                                           |
| Adjustment to Reconcile Operating Loss to Cash used for Operating Activities: |                                                                        |
| Depreciation                                                                  | 10,766                                                                 |
| Federal Food Distribution Program                                             | 40,608                                                                 |
| Changes in Assets and Liabilities:                                            |                                                                        |
| Decrease in Accounts Receivable, Net                                          | 2,412                                                                  |
| Decrease in Prepaid Expenses                                                  | 1,815                                                                  |
| (Increase) in Inventory                                                       | (9,378)                                                                |
| (Decrease) in Deferred Revenue                                                | (11,495)                                                               |
| (Decrease) in Accounts Payable                                                | (23,061)                                                               |
|                                                                               | (23,061)                                                               |
| Net Cash Used for Operating Activities                                        | \$ (127,597)                                                           |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$40,608.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

|                                          | <u>Agency</u>  | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flex<br/>Spending<br/>Trust</u> |
|------------------------------------------|----------------|------------------------------------------------|------------------------------------|
| <u>ASSETS:</u>                           |                |                                                |                                    |
| Cash and Cash Equivalents                | \$ 294,572     | \$ 26,233                                      | \$ 4,091                           |
| Total Assets                             | <u>294,572</u> | <u>26,233</u>                                  | <u>4,091</u>                       |
| <u>LIABILITIES:</u>                      |                |                                                |                                    |
| Payroll Deductions and Withholdings      | 182,522        |                                                |                                    |
| Accrued Salaries and Wages               | 780            |                                                |                                    |
| Due to Family Outreach                   | 196            |                                                |                                    |
| Due to Student Groups                    | <u>111,074</u> |                                                |                                    |
| Total Liabilities                        | <u>294,572</u> |                                                |                                    |
| <u>NET ASSETS:</u>                       |                |                                                |                                    |
| Held in Trust for Unemployment<br>Claims |                | 26,233                                         |                                    |
| Held in Trust for Flex Spending Claims   |                |                                                | <u>4,091</u>                       |
| Total Net Assets                         | <u>\$ -0-</u>  | <u>\$ 26,233</u>                               | <u>\$ 4,091</u>                    |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                    | Unemployment<br>Compensation<br>Trust | Flex<br>Spending<br>Trust |
|------------------------------------|---------------------------------------|---------------------------|
| ADDITIONS:                         |                                       |                           |
| Contributions:                     |                                       |                           |
| Plan Members                       | \$ 85,352                             | \$ 5,009                  |
| Total Contributions                | 85,352                                | 5,009                     |
| DEDUCTIONS:                        |                                       |                           |
| Unemployment Benefit Claims        | 108,014                               |                           |
| Flex Spending Claims               |                                       | 918                       |
| Total Deductions                   | 108,014                               | 918                       |
| Change in Net Assets               | (22,662)                              | 4,091                     |
| Net Assets - Beginning of the Year | 48,895                                |                           |
| Net Assets - End of the Year       | \$ 26,233                             | \$ 4,091                  |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

District-Wide Financial Statements:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

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

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

Reports for the District's Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized resources of the annual budget during the year).

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

|                                                                                                                                                                                                                           | General<br>Fund | Special<br>Revenue<br>Fund |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|
| Sources/Inflows of Resources:                                                                                                                                                                                             |                 |                            |
| Actual amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule                                                                                                                                      | \$ 46,169,569   | \$ 1,299,291               |
| Differences - Budget to GAAP:                                                                                                                                                                                             |                 |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that<br>the Budgetary Basis Recognizes Encumbrances as Expenditures<br>and Revenue, whereas the GAAP Basis does not.                                                |                 | (4,334)                    |
| Prior year State Aid payment recognized for GAAP Statements                                                                                                                                                               | 324,453         |                            |
| State Aid Payment recognized for Budgetary purposes, not<br>recognized for GAAP Statements                                                                                                                                | (364,161)       |                            |
| Total Revenues as reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds                                                                                                | \$ 46,129,861   | \$ 1,294,957               |
| Uses/Outflows of Resources:                                                                                                                                                                                               |                 |                            |
| Actual amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule                                                                                                                               | \$ 48,416,689   | \$ 1,299,291               |
| Differences - Budget to GAAP:                                                                                                                                                                                             |                 |                            |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes |                 | (4,334)                    |
| Total Expenditures as reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds                                                                                            | \$ 48,416,689   | \$ 1,294,957               |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Capital Assets:

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

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

|                                 | <u>Estimated Useful Life</u> |
|---------------------------------|------------------------------|
| Buildings                       | 50 Years                     |
| Site Improvements               | 20 Years                     |
| Furniture and Equipment         | 10 to 15 Years               |
| Computer and Related Technology | 5 Years                      |
| Vehicles                        | 8 Years                      |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

Beginning in fiscal year 2010, certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amount earned by these employees but not disbursed was \$780.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with District personnel policies. Upon termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after varying years of service based upon employees' individual contracts.

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

O. Deferred Revenue:

Deferred revenue in the Special Revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,265,349 General Fund fund balance at June 30, 2010, \$749,825 is reserved for encumbrances; \$386,660 is reserved in the capital reserve account; \$230,964 is reserved as prior year excess surplus which together with \$584,784 of unreserved fund balance designated for subsequent year's budget, or a total of \$815,748, has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011; and \$313,116 is unreserved and undesignated which is \$364,161 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2011.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Debt Service Fund: The Debt Service Fund balance at June 30, 2010 of \$1 is unreserved and undesignated.

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

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$364,161 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, a capital reserve account, and excess surplus as defined by State law.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

S. Deficit in Net Assets:

The District has a \$1,223,333 deficit in its Unrestricted Nets Assets at June 30, 2010 as the result of the accrual of interest and compensated absences payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for food service and summer enrichment program fees. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2010, cash and cash equivalents of the District consisted of the following:

|                               | Cash and Cash<br>Equivalents | Capital<br>Reserve<br>Account | Total        |
|-------------------------------|------------------------------|-------------------------------|--------------|
| Checking and Savings Accounts | \$ 1,833,435                 | \$ 386,660                    | \$ 2,220,095 |

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2010, was \$2,220,095 and the bank balance was \$3,106,219.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution during for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

|                                             |                   |
|---------------------------------------------|-------------------|
| Beginning Balance, July 1, 2009             | \$ 832,240        |
| Interest Earnings                           | 4,238             |
| Withdrawals approved by April 2009 Election | <u>(449,818)</u>  |
| Ending Balance, June 30, 2010               | <u>\$ 386,660</u> |

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 far exceeds the balance in the capital reserve account as of June 30, 2010.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2010, the school district did not make any transfers to the capital outlay accounts.

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

|                                        |                     |
|----------------------------------------|---------------------|
| Regular Instruction                    | \$ 4,341            |
| Special Education Instruction          | 39,841              |
| Student & Instruction Related Services | 2,959               |
| Central Services                       | 29,444              |
| School Administrative Services         | 5,302               |
| Plant Operations and Maintenance       | 44,111              |
| Pupil Transportation                   | 244,461             |
| Unallocated Depreciation               | <u>654,880</u>      |
|                                        | <u>\$ 1,025,339</u> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

|                                                                                     | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Adjustments/<br/>Decreases</u> | <u>Ending<br/>Balance</u> |
|-------------------------------------------------------------------------------------|------------------------------|--------------------|-----------------------------------|---------------------------|
| <b>Governmental Activities:</b>                                                     |                              |                    |                                   |                           |
| <b>Capital Assets not Being Depreciated:</b>                                        |                              |                    |                                   |                           |
| Sites (Land)                                                                        | \$ 3,242,866                 |                    |                                   | \$ 3,242,866              |
| <b>Total Capital Assets not Being Depreciated</b>                                   | <u>3,242,866</u>             |                    |                                   | <u>3,242,866</u>          |
| <b>Capital Assets Being Depreciated</b>                                             |                              |                    |                                   |                           |
| Buildings and Building Improvements                                                 | 22,999,554                   | \$ 624,747         |                                   | 23,624,301                |
| Machinery and Equipment                                                             | 6,555,421                    | 303,670            | \$ (50,468)                       | 6,808,623                 |
| <b>Total Capital Assets Being Depreciated</b>                                       | <u>29,554,975</u>            | <u>928,417</u>     | <u>(50,468)</u>                   | <u>30,432,924</u>         |
| <b>Governmental Activities Capital Assets</b>                                       | <u>32,797,841</u>            | <u>928,417</u>     | <u>(50,468)</u>                   | <u>33,675,790</u>         |
| <b>Less Accumulated Depreciation for:</b>                                           |                              |                    |                                   |                           |
| Buildings and Building Improvements                                                 | (9,807,520)                  | (638,157)          |                                   | (10,445,677)              |
| Machinery and Equipment                                                             | (3,198,906)                  | (387,182)          | 46,169                            | (3,539,919)               |
| <b>Total Accumulated Depreciation</b>                                               | <u>(13,006,426)</u>          | <u>(1,025,339)</u> | <u>46,169</u>                     | <u>(13,985,596)</u>       |
| <b>Governmental Activities Capital Assets, Net<br/>of Accumulated Depreciation</b>  | <u>\$ 19,791,415</u>         | <u>\$ (96,922)</u> | <u>\$ (4,299)</u>                 | <u>\$ 19,690,194</u>      |
| <b>Business -Type Activities:</b>                                                   |                              |                    |                                   |                           |
| <b>Capital Assets Being Depreciated</b>                                             |                              |                    |                                   |                           |
| Furniture and Equipment                                                             | \$ 244,825                   |                    |                                   | \$ 244,825                |
| Less: Accumulated Depreciation                                                      | (153,647)                    | \$ (10,766)        |                                   | (164,413)                 |
| <b>Business-Type Activities Capital Assets, Net<br/>of Accumulated Depreciation</b> | <u>\$ 91,178</u>             | <u>\$ (10,766)</u> | <u>\$ -0-</u>                     | <u>\$ 80,412</u>          |

During the current fiscal year, the District expended \$928,417 for improvements to buildings and the acquisition of vehicles and equipment. The District also disposed of capital assets originally valued at \$50,468 which were depreciated \$46,169 and had a carrying value of \$4,299.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the District-wide financial statements:

|                                    | Balance<br>June 30, 2009 | Accrued           | Retired             | Balance<br>June 30, 2010 |
|------------------------------------|--------------------------|-------------------|---------------------|--------------------------|
| Serial Bonds Payable               | \$ 7,240,000             |                   | \$ 380,000          | \$ 6,860,000             |
| Less: Deferred Amount on Refunding | (184,506)                |                   | 12,300              | (172,205)                |
| Net Serial Bonds Payable           | 7,055,494                |                   | 392,300             | 6,687,795                |
| Capital Leases Payable             | 1,074,765                | \$ 271,043        | 400,204             | 945,604                  |
| Compensated Absences Payable       | 1,738,486                | 225,837           | 253,213             | 1,711,110                |
|                                    | <u>\$ 9,868,745</u>      | <u>\$ 496,880</u> | <u>\$ 1,045,717</u> | <u>\$ 9,344,509</u>      |

A. Bonds Payable:

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

The District had bonds outstanding at June 30, 2010 as follows:

| <u>Serial Bonds</u> |                   |                   |                     |
|---------------------|-------------------|-------------------|---------------------|
| Issue<br>Date       | Final<br>Maturity | Interest<br>Rates | Amount              |
| 05/01/05            | 09/01/24          | 3.25% - 4.25%     | <u>\$ 6,860,000</u> |

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

| Fiscal<br>Year | Bonds               |                     | Total               |
|----------------|---------------------|---------------------|---------------------|
|                | Principal           | Interest            |                     |
| 2011           | \$ 375,000          | \$ 269,669          | \$ 644,669          |
| 2012           | 375,000             | 256,544             | 631,544             |
| 2013           | 370,000             | 242,581             | 612,581             |
| 2014           | 370,000             | 227,781             | 597,781             |
| 2015           | 365,000             | 213,081             | 578,081             |
| 2016-2020      | 1,895,000           | 843,806             | 2,738,806           |
| 2021-2025      | 3,110,000           | 339,240             | 3,449,240           |
|                | <u>\$ 6,860,000</u> | <u>\$ 2,392,702</u> | <u>\$ 9,252,702</u> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On June 8, 2005, the Rockaway Township School District issued \$8,165,000 refunding bonds with interest rates ranging from 3.0% to 4.25% to advance refund \$7,803,000 school bonds with interest rates ranging from 4.75% to 4.85%. The refunding bonds mature on September 1, 2015 through 2024 and September 1, 2015 is the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on September 1, 2006. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were eliminated from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$400,759, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$275,779. Interest in the amount of \$233,707 was deferred upon issuance, \$12,300 was amortized during the current fiscal year, and \$172,205 is deferred at June 30, 2010.

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the District has no bonds authorized but not issued.

C. Capital Leases Payable:

The District purchased various vehicles and buses under capital leases. All capital leases are for terms of three years and will be retired through the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2010.

|                                             | Amount     |
|---------------------------------------------|------------|
| 2011                                        | \$ 518,359 |
| 2012                                        | 366,912    |
| 2013                                        | 110,193    |
|                                             | 995,464    |
| Less: Amount Representing Interest          | (49,860)   |
| Present Value of Net Minimum Lease Payments | \$ 945,604 |

The current portion of capital leases payable is \$489,046 and the long term portion is \$456,558.

D. Compensated Absences Payable:

No portion of the compensated absences balance represents a current liability; therefore, the entire balance of \$1,711,110 is reported as a long-term liability in the governmental fund types. The General Fund will be used to liquidate Compensated Absences Payable.

There is no liability for compensated absences in the District's Enterprise Funds.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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 each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

| Three-Year Trend for TPAF (Paid on-behalf of District) |                                 |                                     |                              |
|--------------------------------------------------------|---------------------------------|-------------------------------------|------------------------------|
| Year Funding<br>June 30,                               | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
| 2010                                                   | \$ -0-                          | 100.00%                             | \$ -0-                       |
| 2009                                                   | -0-                             | 100.00%                             | -0-                          |
| 2008                                                   | 1,509,749                       | 100.00%                             | 1,509,749                    |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

| Three-Year Trend for PERS |                                 |                                     |                              |
|---------------------------|---------------------------------|-------------------------------------|------------------------------|
| Year Funding<br>June 30,  | Annual<br>Pension Cost<br>(APC) | Percentage of<br>APC<br>Contributed | Net<br>Pension<br>Obligation |
| 2010                      | \$ 534,601                      | 100.00%                             | \$ 534,601                   |
| 2009                      | 466,644                         | 100.00%                             | 466,644                      |
| 2008                      | 433,611                         | 80.00%                              | 346,889                      |

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,349,439, \$1,325,111, and \$1,331,093 for 2010, 2009, and 2008, respectively.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(Continued)

**NOTE 10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross/Blue Shield. The District's insurance broker, G.R. Murray Insurance, oversees risk management for the District.

**Property and Liability Insurance**

The Rockaway Township School District is a member of School Alliance Insurance Fund ("SAIF") and the New Jersey School Boards' Association Insurance Group ("NJSBAIG"). The SAIF provides the District with comprehensive general liability, automobile liability, property, boiler and machinery and school board legal liability insurance. The NJSBAIG provides the District with workers' compensation insurance coverage.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The SAIF and NJSBAIG are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and NJSBAIG are elected.

As a member of the SAIF and NJSBAIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF and NJSBAIG were to be exhausted, members would become responsible for their respective shares of the SAIF and NJSBAIG's liabilities. The SAIF and NJSBAIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected financial information for the SAIF and NJSBAIG as of June 30, 2009 is as follows:

|                                                 | <u>School Alliance<br/>Insurance Fund</u> | <u>New Jersey<br/>School Boards'<br/>Association<br/>Insurance Group</u> |
|-------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------|
| Total Assets                                    | \$ 33,656,794                             | \$ 224,271,687                                                           |
| Net Assets                                      | \$ 14,417,326                             | \$ 49,065,640                                                            |
| Total Revenue                                   | \$ 28,042,089                             | \$ 86,948,579                                                            |
| Total Expenses                                  | \$ 25,015,943                             | \$ 73,775,715                                                            |
| Change in Net Assets                            | \$ 3,026,146                              | \$ 13,172,864                                                            |
| Net Asset Distribution to Participating Members | \$ 3,005,614                              | \$ -0-                                                                   |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Financial Statements for SAIF are available at SAIF's Executive Director's Office:

Public Entity Group Administrative Services  
51 Everett Drive Suite B-40  
West Windsor, NJ 08550  
(609) 275-1155

Financial statements for the NJSBAIG are available at the NJSBAIG's Executive Director's Office:

Willis Pooling  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District's Unemployment Fiduciary Fund for the current and previous two years follows:

| <u>Fiscal Year</u> | <u>District<br/>Contributions</u> | <u>Employee<br/>Contributions<br/>and Interest</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|--------------------|-----------------------------------|----------------------------------------------------|------------------------------|---------------------------|
| 2010               | -0-                               | \$ 85,352                                          | \$ 108,014                   | \$ 26,233                 |
| 2009               | -0-                               | 79,082                                             | 62,284                       | 48,895                    |
| 2008               | -0-                               | 63,455                                             | 63,634                       | 32,097                    |

NOTE 11. DEFERRED COMPENSATION

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

|                               |                                     |
|-------------------------------|-------------------------------------|
| Ameriprise Financial Advisors | Lincoln Life Group                  |
| AXA Equitable                 | Metropolitan Life Insurance Company |
| The Legend Group              | VALIC                               |

AXA Equitable, The Legend Group, and Lincoln Life Group are the plan administrators for the District's Internal Revenue Code Section 457 plans.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2010:

| Fund                 | Interfund<br>Receivable | Interfund<br>Payable |
|----------------------|-------------------------|----------------------|
| General Fund         | \$ 322,153              |                      |
| Special Revenue Fund |                         | \$ 322,153           |
|                      | \$ 322,153              | \$ 322,153           |

The interfund receivable in General Fund and the interfund payable in Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable.

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIESGrant Programs

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

Litigation

The District estimates that any potential claims against it resulting from litigation which would not be covered by insurance would not materially affect the financial statements of the District.

**BUDGETARY COMPARISON SCHEDULES**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                            | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|------------------------------------------------------------|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Revenue:                                                   |                    |                     |                   |                   |                             |
| Local Sources:                                             |                    |                     |                   |                   |                             |
| Local Tax Levy                                             | \$ 38,637,775      |                     | \$ 38,637,775     | \$ 38,637,775     |                             |
| Tuition                                                    | 120,000            | \$ (120,000)        |                   | 86,567            | \$ 86,567                   |
| Transportation Fees from Other LEAs                        | 15,000             |                     | 15,000            | 4,479             | (10,521)                    |
| Interest Earned on Capital Reserve Funds                   | 25,000             | (25,000)            |                   | 4,238             | 4,238                       |
| Miscellaneous                                              | 150,000            | 145,000             | 295,000           | 140,508           | (154,492)                   |
| <b>Total - Local Sources</b>                               | <b>38,947,775</b>  |                     | <b>38,947,775</b> | <b>38,873,567</b> | <b>(74,208)</b>             |
| State Sources:                                             |                    |                     |                   |                   |                             |
| Categorical Special Education Aid                          | 1,520,810          |                     | 1,520,810         | 1,520,810         |                             |
| Equalization Aid                                           | 1,298,371          | (235,584)           | 1,062,787         | 1,007,368         | (55,419)                    |
| Categorical Security Aid                                   | 223,127            |                     | 223,127           | 145,033           | (78,094)                    |
| Categorical Transportation Aid                             | 655,393            |                     | 655,393           | 426,005           | (229,388)                   |
| Extraordinary Aid                                          | 324,567            |                     | 324,567           | 502,964           | 178,397                     |
| Nonpublic Transportation                                   |                    |                     |                   | 14,724            | 14,724                      |
| TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted) |                    |                     |                   | 71,850            | 71,850                      |
| TPAF - Post Retirement (On-Behalf - Non-Budgeted)          |                    |                     |                   | 1,349,439         | 1,349,439                   |
| TPAF Social Security (Reimbursed - Non-Budgeted)           |                    |                     |                   | 1,632,849         | 1,632,849                   |
| <b>Total State Sources</b>                                 | <b>4,022,268</b>   | <b>(235,584)</b>    | <b>3,786,684</b>  | <b>6,671,042</b>  | <b>2,884,358</b>            |
| Federal Sources:                                           |                    |                     |                   |                   |                             |
| Impact Aid                                                 | 250,000            |                     | 250,000           | 389,376           | 139,376                     |
| Education Stabilization Fund - ARRA                        |                    | 226,804             | 226,804           | 226,804           |                             |
| Government Services Fund - ARRA                            |                    | 8,780               | 8,780             | 8,780             |                             |
| <b>Total Federal Sources</b>                               | <b>250,000</b>     | <b>235,584</b>      | <b>485,584</b>    | <b>624,960</b>    | <b>139,376</b>              |
| <b>Total Revenue</b>                                       | <b>43,220,043</b>  |                     | <b>43,220,043</b> | <b>46,169,569</b> | <b>2,949,526</b>            |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                    | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|----------------------------------------------------|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Expenditures:                                      |                    |                     |                   |                   |                             |
| Current Expense:                                   |                    |                     |                   |                   |                             |
| Regular Programs - Instruction:                    |                    |                     |                   |                   |                             |
| Kindergarten - Salaries of Teachers                | \$ 378,416         | \$ (879)            | \$ 377,537        | \$ 377,537        |                             |
| Grades 1-5 - Salaries of Teachers                  | 8,054,053          | (8,473)             | 8,045,580         | 8,036,230         | \$ 9,350                    |
| Grades 6-8 - Salaries of Teachers                  | 3,581,670          | 56,284              | 3,637,954         | 3,611,381         | 26,573                      |
| Regular Programs - Home Instruction:               |                    |                     |                   |                   |                             |
| Salaries of Teachers                               | 14,000             | 11,566              | 25,566            | 25,566            |                             |
| Purchased Professional-Educational Services        | 6,000              | (679)               | 5,321             | 4,067             | 1,254                       |
| Regular Programs - Undistributed Instruction:      |                    |                     |                   |                   |                             |
| Other Salaries for Instruction                     | 77,471             | (1,602)             | 75,869            | 70,622            | 5,247                       |
| Purchased Professional-Educational Services        | 14,550             | 400                 | 14,950            | 9,477             | 5,473                       |
| General Supplies                                   | 560,844            | 31,646              | 592,490           | 410,628           | 181,862                     |
| Textbooks                                          | 81,546             | (1,688)             | 79,858            | 31,300            | 48,558                      |
| Other Objects                                      | 57,660             |                     | 57,660            | 44,438            | 13,222                      |
| <b>Total Regular Programs - Instruction</b>        | <b>12,826,210</b>  | <b>86,575</b>       | <b>12,912,785</b> | <b>12,621,246</b> | <b>291,539</b>              |
| Special Education - Instruction:                   |                    |                     |                   |                   |                             |
| Learning and/or Language Disabilities:             |                    |                     |                   |                   |                             |
| Salaries of Teachers                               | 491,267            | 18,650              | 509,917           | 507,362           | 2,555                       |
| Other Salaries for Instruction                     | 159,015            | (14,755)            | 144,260           | 139,082           | 5,178                       |
| General Supplies                                   | 3,500              |                     | 3,500             | 3,150             | 350                         |
| <b>Total Learning and/or Language Disabilities</b> | <b>653,782</b>     | <b>3,895</b>        | <b>657,677</b>    | <b>649,594</b>    | <b>8,083</b>                |
| Special Education - Instruction:                   |                    |                     |                   |                   |                             |
| Visual Impairments:                                |                    |                     |                   |                   |                             |
| Other Salaries for Instruction                     | 500                |                     | 500               |                   | 500                         |
| <b>Total Visual Impairments</b>                    | <b>500</b>         |                     | <b>500</b>        |                   | <b>500</b>                  |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                 | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|-------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Expenditures:</b>                            |                    |                     |                  |                  |                             |
| <b>Behavioral Disabilities:</b>                 |                    |                     |                  |                  |                             |
| Salaries of Teachers                            | \$ 364,177         | \$ (66,216)         | \$ 297,961       | \$ 295,199       | \$ 2,762                    |
| Other Salaries for Instruction                  | 69,895             | (12,039)            | 57,856           | 49,969           | 7,887                       |
| General Supplies                                | 3,300              | (2,970)             | 330              | 200              | 130                         |
| <b>Total Behavioral Disabilities</b>            | <b>437,372</b>     | <b>(81,225)</b>     | <b>356,147</b>   | <b>345,368</b>   | <b>10,779</b>               |
| <b>Multiple Disabilities:</b>                   |                    |                     |                  |                  |                             |
| Salaries of Teachers                            | 132,334            | 285                 | 132,619          | 132,510          | 109                         |
| Other Salaries for Instruction                  | 91,630             | 22,192              | 113,822          | 113,822          |                             |
| General Supplies                                | 7,500              | (1,414)             | 6,086            | 5,267            | 819                         |
| <b>Total Multiple Disabilities</b>              | <b>231,464</b>     | <b>21,063</b>       | <b>252,527</b>   | <b>251,599</b>   | <b>928</b>                  |
| <b>Resource Room/Resource Center:</b>           |                    |                     |                  |                  |                             |
| Salaries of Teachers                            | 3,178,214          | (98,638)            | 3,079,576        | 3,079,576        |                             |
| Other Salaries for Instruction                  | 25,602             | 14,218              | 39,820           | 39,819           | 1                           |
| General Supplies                                | 8,700              | 1,250               | 9,950            | 9,899            | 51                          |
| <b>Total Resource Room/Resource Center</b>      | <b>3,212,516</b>   | <b>(83,170)</b>     | <b>3,129,346</b> | <b>3,129,294</b> | <b>52</b>                   |
| <b>Autism:</b>                                  |                    |                     |                  |                  |                             |
| Salaries of Teachers                            | 189,196            | 8,676               | 197,872          | 197,853          | 19                          |
| Other Salaries for Instruction                  | 146,925            | (56,626)            | 90,299           | 90,299           |                             |
| General Supplies                                | 6,600              | (2,306)             | 4,294            | 3,130            | 1,164                       |
| <b>Total Autism</b>                             | <b>342,721</b>     | <b>(50,256)</b>     | <b>292,465</b>   | <b>291,282</b>   | <b>1,183</b>                |
| <b>Preschool Disabilities - Part Time:</b>      |                    |                     |                  |                  |                             |
| Salaries of Teachers                            | 199,521            | 21,120              | 220,641          | 220,635          | 6                           |
| Other Salaries for Instruction                  | 86,991             | 21,758              | 108,749          | 108,728          | 21                          |
| General Supplies                                | 3,950              | (1,185)             | 2,765            | 2,727            | 38                          |
| <b>Total Preschool Disabilities - Part Time</b> | <b>290,462</b>     | <b>41,693</b>       | <b>332,155</b>   | <b>332,090</b>   | <b>65</b>                   |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                                     | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|---------------------------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Expenditures:</b>                                                |                    |                     |                  |                  |                             |
| <b>Preschool Disabilities - Full Time:</b>                          |                    |                     |                  |                  |                             |
| Salaries of Teachers                                                | \$ 115,539         | \$ (66,335)         | \$ 49,204        | \$ 49,204        |                             |
| Other Salaries for Instruction                                      | 55,555             | 9,800               | 65,355           | 65,355           |                             |
| General Supplies                                                    | 1,000              | (100)               | 900              | 834              | \$ 66                       |
| <b>Total Preschool Disabilities - Full Time</b>                     | <b>172,094</b>     | <b>(56,635)</b>     | <b>115,459</b>   | <b>115,393</b>   | <b>66</b>                   |
| <b>Total Special Education - Instruction</b>                        | <b>5,340,911</b>   | <b>(204,635)</b>    | <b>5,136,276</b> | <b>5,114,620</b> | <b>21,656</b>               |
| <b>Basic Skills/Remedial - Instruction:</b>                         |                    |                     |                  |                  |                             |
| Salaries of Teachers                                                | 339,620            | 7,154               | 346,774          | 346,272          | 502                         |
| <b>Total Basic Skills/Remedial - Instruction</b>                    | <b>339,620</b>     | <b>7,154</b>        | <b>346,774</b>   | <b>346,272</b>   | <b>502</b>                  |
| <b>Bilingual Education - Instruction:</b>                           |                    |                     |                  |                  |                             |
| Salaries of Teachers                                                | 307,677            | 9,696               | 317,373          | 312,966          | 4,407                       |
| Other Purchased Services (400-500 series)                           | 500                | 60                  | 560              | 413              | 147                         |
| General Supplies                                                    | 3,085              | (2,000)             | 1,085            | 952              | 133                         |
| <b>Total Bilingual Education - Instruction</b>                      | <b>311,262</b>     | <b>7,756</b>        | <b>319,018</b>   | <b>314,331</b>   | <b>4,687</b>                |
| <b>School-Sponsored Cocurricular Activities - Instruction:</b>      |                    |                     |                  |                  |                             |
| Salaries                                                            | 33,000             | 70,237              | 103,237          | 102,828          | 409                         |
| Supplies and Materials                                              | 4,750              | (2,170)             | 2,580            | 1,652            | 928                         |
| <b>Total School-Sponsored Cocurricular Activities - Instruction</b> | <b>37,750</b>      | <b>68,067</b>       | <b>105,817</b>   | <b>104,480</b>   | <b>1,337</b>                |
| <b>Other Instructional Programs:</b>                                |                    |                     |                  |                  |                             |
| Salaries                                                            | 175,000            | (60,182)            | 114,818          | 65,514           | 49,304                      |
| Supplies and Materials                                              | 31,221             | (2,952)             | 28,269           | 3,849            | 24,420                      |
| <b>Total Other Instructional Programs</b>                           | <b>206,221</b>     | <b>(63,134)</b>     | <b>143,087</b>   | <b>69,363</b>    | <b>73,724</b>               |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                                | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|----------------------------------------------------------------|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| <b>Expenditures:</b>                                           |                    |                     |                   |                   |                             |
| <b>Community Services Programs:</b>                            |                    |                     |                   |                   |                             |
| Salaries                                                       | \$ 33,000          | \$ 7,700            | \$ 40,700         | \$ 40,644         | \$ 56                       |
| Purchased Services                                             | 1,500              |                     | 1,500             |                   | 1,500                       |
| Supplies and Materials                                         | 6,500              | (4,000)             | 2,500             | 1,330             | 1,170                       |
| <b>Total Community Services Programs</b>                       | <b>41,000</b>      | <b>3,700</b>        | <b>44,700</b>     | <b>41,974</b>     | <b>2,726</b>                |
| <b>Total Instruction</b>                                       | <b>19,102,974</b>  | <b>(94,517)</b>     | <b>19,008,457</b> | <b>18,612,286</b> | <b>396,171</b>              |
| <b>Undistributed Expenditures:</b>                             |                    |                     |                   |                   |                             |
| <b>Instruction:</b>                                            |                    |                     |                   |                   |                             |
| Tuition to Other LEAs Within the State - Special               | 350,000            | 242,891             | 592,891           | 586,033           | 6,858                       |
| Tuition to Private Schools for the Disabled - Within the State | 400,000            | (30,483)            | 369,517           | 369,517           |                             |
| <b>Total Undistributed Expenditures - Instruction</b>          | <b>750,000</b>     | <b>212,408</b>      | <b>962,408</b>    | <b>955,550</b>    | <b>6,858</b>                |
| <b>Attendance &amp; Social Work:</b>                           |                    |                     |                   |                   |                             |
| Salaries                                                       | 1,525              |                     | 1,525             | 1,525             |                             |
| Purchased Professional-Technical Services                      | 750                |                     | 750               |                   | 750                         |
| <b>Total Attendance &amp; Social Work</b>                      | <b>2,275</b>       |                     | <b>2,275</b>      | <b>1,525</b>      | <b>750</b>                  |
| <b>Health Services:</b>                                        |                    |                     |                   |                   |                             |
| Salaries                                                       | 505,077            | (44,799)            | 460,278           | 460,278           |                             |
| Purchased Professional and Technical Services                  | 21,970             | (20,501)            | 1,469             | 862               | 607                         |
| Other Purchased Services (400-500 series)                      | 1,370              | (600)               | 770               | 36                | 734                         |
| Supplies and Materials                                         | 34,425             | (7,270)             | 27,155            | 19,760            | 7,395                       |
| Other Objects                                                  | 5,100              | (2,723)             | 2,377             | 2,043             | 334                         |
| <b>Total Health Services</b>                                   | <b>567,942</b>     | <b>(75,893)</b>     | <b>492,049</b>    | <b>482,979</b>    | <b>9,070</b>                |
| <b>Speech, OT, PT and Related Services:</b>                    |                    |                     |                   |                   |                             |
| Salaries                                                       | 1,789,914          | 57,761              | 1,847,675         | 1,847,675         |                             |
| Purchased Professional - Educational Services                  | 181,947            | (44,969)            | 136,978           | 129,702           | 7,276                       |
| Supplies and Materials                                         | 14,113             | (1,136)             | 12,977            | 9,854             | 3,123                       |
| Other Objects                                                  | 9,300              | (6,420)             | 2,880             | 2,420             | 460                         |
| <b>Total Speech, OT, PT and Related Services</b>               | <b>1,995,274</b>   | <b>5,236</b>        | <b>2,000,510</b>  | <b>1,989,651</b>  | <b>10,859</b>               |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                          | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|----------------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Expenditures:</b>                                     |                    |                     |                  |                  |                             |
| <b>Guidance:</b>                                         |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                     | \$ 498,593         | \$ 13,979           | \$ 512,572       | \$ 512,571       | \$ 1                        |
| Salaries of Secretarial and Clerical Assistants          | 58,974             | (97)                | 58,877           | 58,876           | 1                           |
| Purchased Professional - Educational Services            | 1,000              | (890)               | 110              | 100              | 10                          |
| Other Purchased Professional and Technical Services      | 20,000             |                     | 20,000           | 12,114           | 7,886                       |
| Other Purchased Services (400-500 series)                |                    | 35                  | 35               | 33               | 2                           |
| Supplies and Materials                                   | 400                | (255)               | 145              | 144              | 1                           |
| Other Objects                                            | 4,000              | (3,806)             | 194              |                  | 194                         |
| <b>Total Guidance</b>                                    | <b>582,967</b>     | <b>8,966</b>        | <b>591,933</b>   | <b>583,838</b>   | <b>8,095</b>                |
| <b>Child Study Team:</b>                                 |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                     | 1,241,408          | (85,185)            | 1,156,223        | 1,156,223        |                             |
| Salaries of Secretarial and Clerical Assistants          | 165,019            | 8,288               | 173,307          | 173,133          | 174                         |
| Purchased Professional - Educational Services            | 6,000              | (4,767)             | 1,233            | 1,074            | 159                         |
| Other Purchased Professional and Technical Services      | 19,920             | (1,523)             | 18,397           | 18,321           | 76                          |
| Miscellaneous Purchased Services (400-500 series)        | 7,000              | (2,560)             | 4,440            | 2,948            | 1,492                       |
| Supplies and Materials                                   | 11,989             | 500                 | 12,489           | 11,352           | 1,137                       |
| <b>Total Child Study Team</b>                            | <b>1,451,336</b>   | <b>(85,247)</b>     | <b>1,366,089</b> | <b>1,363,051</b> | <b>3,038</b>                |
| <b>Educational Media Services - School Library:</b>      |                    |                     |                  |                  |                             |
| Salaries                                                 | 317,255            | 12,355              | 329,610          | 328,834          | 776                         |
| Purchased Professional and Technical Services            | 12,150             |                     | 12,150           | 11,960           | 190                         |
| Other Purchased Services (400-500 series)                | 3,050              |                     | 3,050            | 770              | 2,280                       |
| Supplies and Materials                                   | 35,863             | 1,113               | 36,976           | 27,609           | 9,367                       |
| <b>Total Educational Media Services - School Library</b> | <b>368,318</b>     | <b>13,468</b>       | <b>381,786</b>   | <b>369,173</b>   | <b>12,613</b>               |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                     | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|-----------------------------------------------------|--------------------|---------------------|-----------------|----------------|-----------------------------|
| <b>Expenditures:</b>                                |                    |                     |                 |                |                             |
| <b>Improvement of Instructional Services:</b>       |                    |                     |                 |                |                             |
| Salaries of Supervisors of Instruction              | \$ 152,577         | \$ (22,971)         | \$ 129,606      | \$ 129,606     |                             |
| Salaries of Other Professional Staff                | 20,000             | (8,858)             | 11,142          | 10,213         | \$ 929                      |
| Salaries of Secretarial and Clerical Assistants     | 90,172             | (2,801)             | 87,371          | 86,371         | 1,000                       |
| Purchased Professional - Educational Services       | 24,280             | 9,831               | 34,111          | 21,521         | 12,590                      |
| Other Purchased Services (400-500 series)           | 34,500             | (3,500)             | 31,000          | 16,217         | 14,783                      |
| Supplies and Materials                              | 16,000             |                     | 16,000          | 3,753          | 12,247                      |
| Other Objects                                       | 3,155              |                     | 3,155           | 2,133          | 1,022                       |
| <b>Total Improvement of Instructional Services</b>  | <b>340,684</b>     | <b>(28,299)</b>     | <b>312,385</b>  | <b>269,814</b> | <b>42,571</b>               |
| <b>Instructional Staff Training Services:</b>       |                    |                     |                 |                |                             |
| Other Purchased Professional and Technical Services | 18,000             | 4,072               | 22,072          | 22,072         |                             |
| Other Purchased Services (400-500 series)           | 37,792             | (14,100)            | 23,692          | 9,325          | 14,367                      |
| Supplies and Materials                              | 94,816             | (5,300)             | 89,516          | 64,225         | 25,291                      |
| Other Objects                                       | 8,675              | (4,500)             | 4,175           | 1,568          | 2,607                       |
| <b>Total Instructional Staff Training Services</b>  | <b>159,283</b>     | <b>(19,828)</b>     | <b>139,455</b>  | <b>97,190</b>  | <b>42,265</b>               |
| <b>General Administration:</b>                      |                    |                     |                 |                |                             |
| Salaries                                            | 316,266            | 1,241               | 317,507         | 317,283        | 224                         |
| Legal Services                                      | 75,000             | 22,516              | 97,516          | 94,297         | 3,219                       |
| Audit Fees                                          | 75,000             | (10,000)            | 65,000          | 62,074         | 2,926                       |
| Other Purchased Professional Services               | 65,800             | (25,397)            | 40,403          | 16,668         | 23,735                      |
| Communications/Telephone                            | 261,160            | (17,127)            | 244,033         | 223,637        | 20,396                      |
| BOE Other Purchased Services                        | 5,500              | (1,017)             | 4,483           | 941            | 3,542                       |
| Other Purchased Services (400-500 series)           | 144,787            | (49,944)            | 94,843          | 82,436         | 12,407                      |
| General Supplies                                    | 7,300              | (5,429)             | 1,871           | 969            | 902                         |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                                   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|---------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Expenditures:</b>                              |                    |                     |                  |                  |                             |
| <b>General Administration:</b>                    |                    |                     |                  |                  |                             |
| BOE In-House Training and Meeting Supplies        | \$ 2,500           | \$ (1,100)          | \$ 1,400         | \$ 1,116         | \$ 284                      |
| Miscellaneous Expenditures                        | 20,250             | (9,400)             | 10,850           | 9,905            | 945                         |
| Membership Dues and Fees                          | 28,000             | (4,500)             | 23,500           | 22,603           | 897                         |
| <b>Total General Administration</b>               | <b>1,001,563</b>   | <b>(100,157)</b>    | <b>901,406</b>   | <b>831,929</b>   | <b>69,477</b>               |
| <b>School Administration:</b>                     |                    |                     |                  |                  |                             |
| Salaries of Principals/Assistant Principals       | 1,100,394          | (60,000)            | 1,040,394        | 1,040,394        |                             |
| Salaries of Secretarial and Clerical Assistants   | 717,507            | (4,577)             | 712,930          | 712,877          | 53                          |
| Purchased Professional and Technical Services     | 80,000             | 150,409             | 230,409          | 229,049          | 1,360                       |
| Other Purchased Services (400-500 series)         | 14,100             | (5,763)             | 8,337            | 1,298            | 7,039                       |
| Supplies and Materials                            | 75,206             | (21,625)            | 53,581           | 30,092           | 23,489                      |
| Other Objects                                     | 36,900             | (3,408)             | 33,492           | 31,493           | 1,999                       |
| <b>Total School Administration</b>                | <b>2,024,107</b>   | <b>55,036</b>       | <b>2,079,143</b> | <b>2,045,203</b> | <b>33,940</b>               |
| <b>Central Services:</b>                          |                    |                     |                  |                  |                             |
| Salaries                                          | 510,873            | (4,000)             | 506,873          | 504,867          | 2,006                       |
| Purchased Technical Services                      | 18,000             | (18,000)            |                  |                  |                             |
| Miscellaneous Purchased Services (400-500 series) | 9,000              | (3,483)             | 5,517            | 2,517            | 3,000                       |
| Supplies and Materials                            | 14,500             | 5,483               | 19,983           | 5,521            | 14,462                      |
| Miscellaneous Expenditures                        | 3,000              |                     | 3,000            | 2,984            | 16                          |
| <b>Total Central Services</b>                     | <b>555,373</b>     | <b>(20,000)</b>     | <b>535,373</b>   | <b>515,889</b>   | <b>19,484</b>               |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                              | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|--------------------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Expenditures:</b>                                         |                    |                     |                  |                  |                             |
| <b>Administrative Information Technology:</b>                |                    |                     |                  |                  |                             |
| Salaries                                                     | \$ 319,665         | \$ 4,470            | \$ 324,135       | \$ 324,135       |                             |
| Purchased Technical Services                                 | 130,000            | (18,595)            | 111,405          | 106,850          | \$ 4,555                    |
| Other Purchased Services (400-500 series)                    | 6,000              | (5,300)             | 700              | 622              | 78                          |
| Supplies and Materials                                       | 180,723            | 26,463              | 207,186          | 207,017          | 169                         |
| Other Objects                                                | 5,000              | (2,570)             | 2,430            | 2,430            |                             |
| <b>Total Administrative Information Technology</b>           | <b>641,388</b>     | <b>4,468</b>        | <b>645,856</b>   | <b>641,054</b>   | <b>4,802</b>                |
| <b>Allowable Maintenance for School Facilities:</b>          |                    |                     |                  |                  |                             |
| Salaries                                                     | 434,569            | (438)               | 434,131          | 425,261          | 8,870                       |
| Cleaning, Repair and Maintenance Services                    | 304,680            | 76,111              | 380,791          | 273,940          | 106,851                     |
| General Supplies                                             | 355,681            | (58,354)            | 297,327          | 261,010          | 36,317                      |
| Other Objects                                                | 3,975              |                     | 3,975            | 245              | 3,730                       |
| <b>Total Allowable Maintenance for School Facilities</b>     | <b>1,098,905</b>   | <b>17,319</b>       | <b>1,116,224</b> | <b>960,456</b>   | <b>155,768</b>              |
| <b>Custodial Services:</b>                                   |                    |                     |                  |                  |                             |
| Salaries                                                     | 1,531,678          | (31,231)            | 1,500,447        | 1,469,201        | 31,246                      |
| Purchased Professional - Technical Services                  | 102,047            | (25,100)            | 76,947           | 72,088           | 4,859                       |
| Cleaning, Repair and Maintenance Services                    | 407,114            | (58,298)            | 348,816          | 331,064          | 17,752                      |
| Rental of Land and Bldg. Other than Lease Purchase Agreement | 1                  |                     | 1                |                  | 1                           |
| Other Purchased Property Services                            | 29,975             | 16,450              | 46,425           | 46,425           |                             |
| Insurance                                                    | 133,804            | (13,000)            | 120,804          | 120,804          |                             |
| Miscellaneous Purchased Services                             | 16,100             | (12,219)            | 3,881            | 1,776            | 2,105                       |
| General Supplies                                             | 118,921            | 11,619              | 130,540          | 117,252          | 13,288                      |
| Energy (Natural Gas)                                         | 306,000            | (18,324)            | 287,676          | 262,771          | 24,905                      |
| Energy (Electricity)                                         | 565,000            | 12,774              | 577,774          | 577,773          | 1                           |
| Energy (Oil)                                                 | 84,000             | (13,072)            | 70,928           | 62,194           | 8,734                       |
| Other Objects                                                | 3,150              |                     | 3,150            | 318              | 2,832                       |
| <b>Total Custodial Services</b>                              | <b>3,297,790</b>   | <b>(130,401)</b>    | <b>3,167,389</b> | <b>3,061,666</b> | <b>105,723</b>              |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>Expenditures:</b>                                             |                            |                             |                         |                  |                                     |
| Care and Upkeep of Grounds                                       |                            |                             |                         |                  |                                     |
| General Supplies                                                 | \$ 28,000                  |                             | \$ 28,000               | \$ 21,587        | \$ 6,413                            |
| <b>Total Care and Upkeep of Grounds</b>                          | <b>28,000</b>              |                             | <b>28,000</b>           | <b>21,587</b>    | <b>6,413</b>                        |
| <b>Security:</b>                                                 |                            |                             |                         |                  |                                     |
| Cleaning, Repair and Maintenance Services                        | 154,472                    |                             | 154,472                 | 151,855          | 2,617                               |
| General Supplies                                                 | 5,000                      |                             | 5,000                   | 118              | 4,882                               |
| <b>Total Security</b>                                            | <b>159,472</b>             |                             | <b>159,472</b>          | <b>151,973</b>   | <b>7,499</b>                        |
| <b>Student Transportation Services:</b>                          |                            |                             |                         |                  |                                     |
| Salaries for Pupil Trans (Between Home & School) - Regular       | 1,295,793                  | \$ (2,780)                  | 1,293,013               | 1,290,496        | 2,517                               |
| Salaries for Pupil Trans (Bet Home & School) - Special Education | 260,129                    | 18,161                      | 278,290                 | 278,188          | 102                                 |
| Salaries for Pupil Trans (Other than Between Home & School)      | 60,006                     | 17,794                      | 77,800                  | 77,800           |                                     |
| Salaries for Pupil Trans (Between Home & School) - Nonpublic     | 99,847                     | (29,734)                    | 70,113                  | 66,664           | 3,449                               |
| Cleaning, Repair and Maintenance Services                        | 45,000                     | (30,340)                    | 14,660                  | 6,697            | 7,963                               |
| Lease Purchase Payments - School Buses                           | 431,565                    | 28,406                      | 459,971                 | 446,761          | 13,210                              |
| Contracted Services - Special Education - ESC's & CTSA's         | 208,344                    | (20,337)                    | 188,007                 | 175,299          | 12,708                              |
| Aid in Lieu Payments - Nonpublic Students                        | 110,000                    | (25,000)                    | 85,000                  | 78,075           | 6,925                               |
| Miscellaneous Purchased Services - Transportation                | 38,462                     | (4,403)                     | 34,059                  | 27,641           | 6,418                               |
| General Supplies                                                 | 12,688                     | 188                         | 12,876                  | 2,418            | 10,458                              |
| Transportation Supplies                                          | 357,800                    |                             | 357,800                 | 320,982          | 36,818                              |
| Other Objects                                                    | 4,350                      | 1,500                       | 5,850                   | 4,005            | 1,845                               |
| <b>Total Student Transportation Services</b>                     | <b>2,923,984</b>           | <b>(46,545)</b>             | <b>2,877,439</b>        | <b>2,775,026</b> | <b>102,413</b>                      |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

|                                          | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual | Variance<br>Final to Actual |
|------------------------------------------|--------------------|---------------------|-----------------|--------|-----------------------------|
| <b>Allocated Benefits:</b>               |                    |                     |                 |        |                             |
| <b>Regular Instruction:</b>              |                    |                     |                 |        |                             |
| Group Insurance                          |                    |                     |                 |        |                             |
| Social Security Contributions            | \$ 163,737         | \$ (163,737)        |                 |        |                             |
| Other Retirement Contributions - Regular | 360,565            | (360,565)           |                 |        |                             |
| Workmen's Compensation                   | 109,401            | (109,401)           |                 |        |                             |
| Health Benefits                          | 2,837,315          | (2,837,315)         |                 |        |                             |
| Tuition Reimbursement                    | 71,429             | (71,429)            |                 |        |                             |
| Other Employee Benefits                  | 81,862             | (81,862)            |                 |        |                             |
| <b>Special Education:</b>                |                    |                     |                 |        |                             |
| Social Security Contributions            | 74,649             | (74,649)            |                 |        |                             |
| Workmen's Compensation                   | 42,586             | (42,586)            |                 |        |                             |
| Health Benefits                          | 1,298,399          | (1,298,399)         |                 |        |                             |
| Tuition Reimbursement                    | 28,571             | (28,571)            |                 |        |                             |
| Other Employee Benefits                  | 63,583             | (63,583)            |                 |        |                             |
| <b>Other Instructional Programs:</b>     |                    |                     |                 |        |                             |
| Group Insurance                          | 38,729             | (38,729)            |                 |        |                             |
| <b>Health Services:</b>                  |                    |                     |                 |        |                             |
| Social Security Contributions            | 8,851              | (8,851)             |                 |        |                             |
| Workmen's Compensation                   | 5,361              | (5,361)             |                 |        |                             |
| Health Benefits                          | 118,960            | (118,960)           |                 |        |                             |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                            | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final to Actual</u> |
|--------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| Expenditures:                              |                            |                             |                         |               |                                     |
| Allocated Benefits (Cont'd):               |                            |                             |                         |               |                                     |
| Speech, OT, PT and Related Services:       |                            |                             |                         |               |                                     |
| Social Security Contributions              | \$ 25,246                  | \$ (25,246)                 |                         |               |                                     |
| Workmen's Compensation                     | 15,818                     | (15,818)                    |                         |               |                                     |
| Health Benefits                            | 336,600                    | (336,600)                   |                         |               |                                     |
| Other Support Services - Guidance:         |                            |                             |                         |               |                                     |
| Social Security Contributions              | 7,369                      | (7,369)                     |                         |               |                                     |
| Workmen's Compensation                     | 4,524                      | (4,524)                     |                         |               |                                     |
| Health Benefits                            | 97,387                     | (97,387)                    |                         |               |                                     |
| Other Support Services - Child Study Team: |                            |                             |                         |               |                                     |
| Social Security Contributions              | 17,936                     | (17,936)                    |                         |               |                                     |
| Workmen's Compensation                     | 10,830                     | (10,830)                    |                         |               |                                     |
| Health Benefits                            | 239,211                    | (239,211)                   |                         |               |                                     |
| Improvement of Instruction Services:       |                            |                             |                         |               |                                     |
| Social Security Contributions              | 8,327                      | (8,327)                     |                         |               |                                     |
| Workmen's Compensation                     | 5,493                      | (5,493)                     |                         |               |                                     |
| Health Benefits                            | 108,798                    | (108,798)                   |                         |               |                                     |
| Educational Media Services/School Library: |                            |                             |                         |               |                                     |
| Social Security Contributions              | 6,583                      | (6,583)                     |                         |               |                                     |
| Workmen's Compensation                     | 3,766                      | (3,766)                     |                         |               |                                     |
| Health Benefits                            | 86,654                     | (86,654)                    |                         |               |                                     |
| Support Services - General Administration: |                            |                             |                         |               |                                     |
| Social Security Contributions              | 127,950                    | (127,950)                   |                         |               |                                     |
| Workmen's Compensation                     | 4,865                      | (4,865)                     |                         |               |                                     |
| Health Benefits                            | 75,198                     | (75,198)                    |                         |               |                                     |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                           | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final to Actual</u> |
|-------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| Expenditures:                             |                            |                             |                         |               |                                     |
| Allocated Benefits (Cont'd):              |                            |                             |                         |               |                                     |
| Support Services - School Administration: |                            |                             |                         |               |                                     |
| Social Security Contributions             | \$ 53,098                  | \$ (53,098)                 |                         |               |                                     |
| Workmen's Compensation                    | 14,932                     | (14,932)                    |                         |               |                                     |
| Health Benefits                           | 213,758                    | (213,758)                   |                         |               |                                     |
| Central Services:                         |                            |                             |                         |               |                                     |
| Social Security Contributions             | 31,143                     | (31,143)                    |                         |               |                                     |
| Workmen's Compensation                    | 5,120                      | (5,120)                     |                         |               |                                     |
| Health Benefits                           | 87,683                     | (87,683)                    |                         |               |                                     |
| Administration Information Technology:    |                            |                             |                         |               |                                     |
| Social Security Contributions             | 13,316                     | (13,316)                    |                         |               |                                     |
| Workmen's Compensation                    | 2,871                      | (2,871)                     |                         |               |                                     |
| Health Benefits                           | 48,480                     | (48,480)                    |                         |               |                                     |
| Custodial Services:                       |                            |                             |                         |               |                                     |
| Social Security Contributions             | 105,999                    | (105,999)                   |                         |               |                                     |
| Other Retirement Contributions - Regular  | 198,260                    | (198,260)                   |                         |               |                                     |
| Workmen's Compensation                    | 63,072                     | (63,072)                    |                         |               |                                     |
| Health Benefits                           | 382,767                    | (382,767)                   |                         |               |                                     |
| Other Employee Benefits                   | 14,636                     | (14,636)                    |                         |               |                                     |
| Student Transportation Services:          |                            |                             |                         |               |                                     |
| Social Security Contributions             | 50,136                     | (50,136)                    |                         |               |                                     |
| Workmen's Compensation                    | 48,684                     | (48,684)                    |                         |               |                                     |
| Health Benefits                           | 678,291                    | (678,291)                   |                         |               |                                     |
| Other Employee Benefits                   | 18,333                     | (18,333)                    |                         |               |                                     |
| Total Allocated Benefits                  | <u>8,517,132</u>           | <u>(8,517,132)</u>          |                         |               |                                     |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                             | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|-------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| <b>Expenditures:</b>                                        |                            |                             |                         |                   |                                     |
| <b>Unallocated Benefits:</b>                                |                            |                             |                         |                   |                                     |
| Group Insurance                                             |                            | \$ 6,656,912                | \$ 6,656,912            | \$ 6,656,912      |                                     |
| Social Security Contributions                               |                            | 643,768                     | 643,768                 | 643,768           |                                     |
| Other Retirement Contributions - Regular                    |                            | 534,601                     | 534,601                 | 534,601           |                                     |
| Unemployment Compensation                                   |                            | 238,177                     | 238,177                 |                   | \$ 238,177                          |
| Workmen's Compensation                                      |                            | 322,880                     | 322,880                 | 322,880           |                                     |
| Tuition Reimbursement                                       | \$ 1,890                   | 93,231                      | 95,121                  | 95,121            |                                     |
| Other Employee Benefits                                     |                            | 527,253                     | 527,253                 | 315,144           | 212,109                             |
| <b>Total Unallocated Benefits</b>                           | <b>1,890</b>               | <b>9,016,822</b>            | <b>9,018,712</b>        | <b>8,568,426</b>  | <b>450,286</b>                      |
| TPAF Post Retirement (On-Behalf) (Nonbudgeted)              |                            |                             |                         | 1,349,439         | (1,349,439)                         |
| TPAF Noncontributory Insurance (On-Behalf) (Nonbudgeted)    |                            |                             |                         | 71,850            | (71,850)                            |
| Reimbursed TPAF Social Security Contributions (Nonbudgeted) |                            |                             |                         | 1,632,849         | (1,632,849)                         |
| <b>Total On-Behalf Contributions</b>                        |                            |                             |                         | <b>3,054,138</b>  | <b>(3,054,138)</b>                  |
| <b>Total Personal Services - Employee Benefits</b>          | <b>8,519,022</b>           | <b>499,690</b>              | <b>9,018,712</b>        | <b>11,622,564</b> | <b>(2,603,852)</b>                  |
| <b>Total Undistributed Expenditures</b>                     | <b>26,467,683</b>          | <b>310,221</b>              | <b>26,777,904</b>       | <b>28,740,118</b> | <b>(1,962,214)</b>                  |
| <b>Total Current Expense</b>                                | <b>45,570,657</b>          | <b>215,704</b>              | <b>45,786,361</b>       | <b>47,352,404</b> | <b>(1,566,043)</b>                  |
| <b>Capital Outlay:</b>                                      |                            |                             |                         |                   |                                     |
| <b>Equipment:</b>                                           |                            |                             |                         |                   |                                     |
| Grades 6-8                                                  | 2,500                      |                             | 2,500                   |                   | 2,500                               |
| Multiple Disabilities                                       | 6,600                      |                             | 6,600                   | 4,614             | 1,986                               |
| Autism                                                      | 9,635                      |                             | 9,635                   | 6,418             | 3,217                               |
| Bilingual Education - Instruction                           | 2,500                      |                             | 2,500                   |                   | 2,500                               |
| Administrative Information Technology                       | 25,000                     |                             | 25,000                  | 23,691            | 1,309                               |
| Operation and Maintenance of Plant                          | 23,000                     |                             | 23,000                  | 15,000            | 8,000                               |
| Non-Instructional Equipment                                 | 8,000                      |                             | 8,000                   |                   | 8,000                               |
| <b>Total Equipment</b>                                      | <b>77,235</b>              |                             | <b>77,235</b>           | <b>49,723</b>     | <b>27,512</b>                       |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                           | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|-----------------------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| Facilities Acquisition and Construction Services:         |                            |                             |                         |                   |                                     |
| Construction Services                                     | \$ 977,160                 |                             | \$ 977,160              | \$ 624,747        | \$ 352,413                          |
| Total Facilities Acquisition and Construction Services    | <u>977,160</u>             |                             | <u>977,160</u>          | <u>624,747</u>    | <u>352,413</u>                      |
| Assets Acquired Under Capital Leases (non-budgeted):      |                            |                             |                         |                   |                                     |
| Student Transportation Services                           |                            |                             |                         | 271,043           | (271,043)                           |
| Total Assets Acquired Under Capital Leases (non-budgeted) |                            |                             |                         | <u>271,043</u>    | <u>(271,043)</u>                    |
| Total Capital Outlay                                      | <u>1,054,395</u>           |                             | <u>1,054,395</u>        | <u>945,513</u>    | <u>108,882</u>                      |
| Special Schools:                                          |                            |                             |                         |                   |                                     |
| Summer School - Instruction:                              |                            |                             |                         |                   |                                     |
| Salaries of Teachers                                      | 65,000                     | \$ (32,000)                 | 33,000                  | 32,998            | 2                                   |
| Other Objects                                             | 6,700                      | (4,500)                     | 2,200                   | 1,988             | 212                                 |
| Total Special Schools - Summer School                     | <u>71,700</u>              | <u>(36,500)</u>             | <u>35,200</u>           | <u>34,986</u>     | <u>214</u>                          |
| Transfer of Funds to Charter Schools                      | <u>48,719</u>              | <u>35,067</u>               | <u>83,786</u>           | <u>83,786</u>     |                                     |
| Total Expenditures                                        | <u>46,745,471</u>          | <u>214,271</u>              | <u>46,959,742</u>       | <u>48,416,689</u> | <u>(1,456,947)</u>                  |
| Excess (Deficiency) of Revenue Over (Under) Expenditures  | (3,525,428)                | (214,271)                   | (3,739,699)             | (2,247,120)       | 1,492,579                           |
| Other Financing Sources/(Uses):                           |                            |                             |                         |                   |                                     |
| Capital Leases (Non-budgeted)                             |                            |                             |                         | 271,043           | 271,043                             |
| Total Other Financing Sources/(Uses):                     |                            |                             |                         | <u>271,043</u>    | <u>271,043</u>                      |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                                                                             | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Sources (Uses) | \$ (3,525,428)     | \$ (214,271)        | \$ (3,739,699)  | \$ (1,976,077) | \$ 1,763,622                |
| Fund Balance, July 1                                                                                                        | 4,605,587          |                     | 4,605,587       | 4,605,587      |                             |
| Fund Balance, June 30                                                                                                       | \$ 1,080,159       | \$ (214,271)        | \$ 865,888      | \$ 2,629,510   | \$ 1,763,622                |
| Recapitulation:                                                                                                             |                    |                     |                 |                |                             |
| Reserve for Encumbrances                                                                                                    |                    |                     |                 | \$ 749,825     |                             |
| Reserve for Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures                                     |                    |                     |                 | 230,964        |                             |
| Capital Reserve                                                                                                             |                    |                     |                 | 386,660        |                             |
| Unreserved - Designated for Subsequent Year's Expenditures                                                                  |                    |                     |                 | 584,784        |                             |
| Unreserved/Undesignated Fund Balance                                                                                        |                    |                     |                 | 677,277        |                             |
|                                                                                                                             |                    |                     |                 | 2,629,510      |                             |
| Reconciliation to Governmental Fund Statements (GAAP):                                                                      |                    |                     |                 |                |                             |
| Last State Aid Payment not recognized on GAAP Basis                                                                         |                    |                     |                 | (364,161)      |                             |
| Fund Balance per Governmental Funds (GAAP)                                                                                  |                    |                     |                 | \$ 2,265,349   |                             |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                 | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|-----------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>Revenue:</b>                                                 |                            |                             |                         |                  |                                     |
| State Sources                                                   | \$ 1,028                   | \$ (1,028)                  |                         |                  |                                     |
| Federal Sources                                                 | 686,695                    | 675,417                     | \$ 1,362,112            | \$ 1,299,291     | \$ (62,821)                         |
| <b>Total Revenue</b>                                            | <u>687,723</u>             | <u>674,389</u>              | <u>1,362,112</u>        | <u>1,299,291</u> | <u>(62,821)</u>                     |
| <b>Expenditures:</b>                                            |                            |                             |                         |                  |                                     |
| <b>Instruction:</b>                                             |                            |                             |                         |                  |                                     |
| Salaries of Teachers                                            | 90,512                     | 103,079                     | 193,591                 | 165,478          | 28,113                              |
| Tuition                                                         | 508,970                    | 27,157                      | 536,127                 | 536,127          |                                     |
| General Supplies                                                | 12,523                     | 48,421                      | 60,944                  | 50,029           | 10,915                              |
| Textbooks                                                       | 7,428                      | 2,047                       | 9,475                   | 9,460            | 15                                  |
| Other Objects                                                   |                            | 3,047                       | 3,047                   | 3,046            | 1                                   |
| <b>Total Instruction</b>                                        | <u>619,433</u>             | <u>183,751</u>              | <u>803,184</u>          | <u>764,140</u>   | <u>39,044</u>                       |
| <b>Support Services:</b>                                        |                            |                             |                         |                  |                                     |
| Salaries of Other Professional Staff                            |                            | 102                         | 102                     | 102              |                                     |
| Personal Services - Employee Benefits                           | 10,969                     | 10,862                      | 21,831                  | 16,283           | 5,548                               |
| Purchased Professional and Technical Services                   |                            | 28,297                      | 28,297                  | 28,297           |                                     |
| Purchased Professional/Educational Services                     | 51,737                     | 27,557                      | 79,294                  | 64,544           | 14,750                              |
| Other Purchased Services                                        | 4,984                      | 170,514                     | 175,498                 | 172,455          | 3,043                               |
| Supplies and Materials                                          | 600                        | 1,866                       | 2,466                   | 2,030            | 436                                 |
| Travel                                                          |                            | 623                         | 623                     | 623              |                                     |
| <b>Total Support Services</b>                                   | <u>68,290</u>              | <u>239,821</u>              | <u>308,111</u>          | <u>284,334</u>   | <u>23,777</u>                       |
| <b>Facilities Acquisition and Construction Services:</b>        |                            |                             |                         |                  |                                     |
| Instructional Equipment                                         |                            | 250,817                     | 250,817                 | 250,817          |                                     |
| <b>Total Facilities Acquisition and Construction Services</b>   |                            | <u>250,817</u>              | <u>250,817</u>          | <u>250,817</u>   |                                     |
| <b>Total Expenditures</b>                                       | <u>687,723</u>             | <u>674,389</u>              | <u>1,362,112</u>        | <u>1,299,291</u> | <u>62,821</u>                       |
| <b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b> | <u>\$ - 0 -</u>            | <u>\$ - 0 -</u>             | <u>\$ - 0 -</u>         | <u>\$ - 0 -</u>  | <u>\$ - 0 -</u>                     |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

|                                                                                                                                                                                                                         | General<br>Fund      | Special<br>Revenue<br>Fund |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|
| <b>Sources/Inflows of Resources:</b>                                                                                                                                                                                    |                      |                            |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule                                                                                                                                       | \$ 46,169,569        | \$ 1,299,291               |
| <b>Differences - Budget to GAAP:</b>                                                                                                                                                                                    |                      |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis<br>Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.                                                 |                      | (4,334)                    |
| Prior Year State Aid Payment recognized for GAAP statements                                                                                                                                                             | 324,453              |                            |
| State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements                                                                                                                                 | (364,161)            |                            |
| <b>Total Revenues as Reported on the Statement of Revenues, Expenditures and<br/>and Changes in Fund Balances - Governmental Funds.</b>                                                                                 | <b>\$ 46,129,861</b> | <b>\$ 1,294,957</b>        |
| <b>Uses/Outflows of Resources:</b>                                                                                                                                                                                      |                      |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule                                                                                                                                | \$ 48,416,689        | \$ 1,299,291               |
| <b>Differences - Budget to GAAP:</b>                                                                                                                                                                                    |                      |                            |
| Encumbrances for supplies and equipment ordered but not received are reported in the year<br>the order is placed for budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes. |                      | (4,334)                    |
| <b>Total Expenditures as Reported on the Statement of Revenue,<br/>Expenditures, and Changes in Fund Balances - Governmental Funds</b>                                                                                  | <b>\$ 48,416,689</b> | <b>\$ 1,294,957</b>        |

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                             | No Child Left Behind |                  |               |                 |
|---------------------------------------------|----------------------|------------------|---------------|-----------------|
|                                             | Title I              | Title II A       | Title II D    | Title III       |
| <b>REVENUE:</b>                             |                      |                  |               |                 |
| Federal Sources                             | \$ 37,596            | \$ 54,754        | \$ 608        | \$ 6,705        |
| <b>Total Revenue</b>                        | <u>37,596</u>        | <u>54,754</u>    | <u>608</u>    | <u>6,705</u>    |
| <b>EXPENDITURES:</b>                        |                      |                  |               |                 |
| <b>Instruction:</b>                         |                      |                  |               |                 |
| Salaries of Teachers                        | 30,080               | 30,000           | 608           | 614             |
| Tuition                                     |                      |                  |               |                 |
| General Supplies                            | 6,036                |                  |               | 1,235           |
| Textbooks                                   |                      | 8,075            |               |                 |
| Other Objects                               |                      |                  |               | 3,046           |
| <b>Total Instruction</b>                    | <u>36,116</u>        | <u>38,075</u>    | <u>608</u>    | <u>4,895</u>    |
| <b>Support Services:</b>                    |                      |                  |               |                 |
| Salaries of Other Professional Staff        |                      |                  |               | 102             |
| Purchased Professional & Technical Services |                      |                  |               |                 |
| Purchased Professional/Educational Services | 1,480                | 10,483           |               |                 |
| Personal Services - Employee Benefits       |                      | 4,383            |               |                 |
| Other Purchased Services                    |                      | 1,813            |               | 1,697           |
| Travel                                      |                      |                  |               |                 |
| Supplies and Materials                      |                      |                  |               | 11              |
| <b>Total Support Services</b>               | <u>1,480</u>         | <u>16,679</u>    |               | <u>1,810</u>    |
| <b>Facilities Acquisition:</b>              |                      |                  |               |                 |
| Instructional Equipment                     |                      |                  |               |                 |
| <b>Total Facilities Acquisition</b>         |                      |                  |               |                 |
| <b>Total Expenditures</b>                   | <u>\$ 37,596</u>     | <u>\$ 54,754</u> | <u>\$ 608</u> | <u>\$ 6,705</u> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                             | No Child Left Behind |                         |                                     |
|---------------------------------------------|----------------------|-------------------------|-------------------------------------|
|                                             | Title IV             | Title II A<br>Carryover | Title III<br>Immigrant<br>Carryover |
| <b>REVENUE:</b>                             |                      |                         |                                     |
| Federal Sources                             | \$ 4,585             | \$ 3,474                | \$ 968                              |
| <b>Total Revenue</b>                        | <u>4,585</u>         | <u>3,474</u>            | <u>968</u>                          |
| <b>EXPENDITURES:</b>                        |                      |                         |                                     |
| <b>Instruction:</b>                         |                      |                         |                                     |
| Salaries of Teachers                        |                      |                         | 806                                 |
| Tuition                                     |                      |                         |                                     |
| General Supplies                            |                      |                         | 1                                   |
| Textbooks                                   | 1,385                |                         |                                     |
| Other Objects                               |                      |                         |                                     |
| <b>Total Instruction</b>                    | <u>1,385</u>         |                         | <u>807</u>                          |
| <b>Support Services:</b>                    |                      |                         |                                     |
| Salaries of Other Professional Staff        |                      |                         |                                     |
| Purchased Professional & Technical Services |                      |                         |                                     |
| Purchased Professional/Educational Services | 2,600                | 3,141                   |                                     |
| Personal Services - Employee Benefits       |                      | 333                     | 118                                 |
| Other Purchased Services                    |                      |                         |                                     |
| Travel                                      |                      |                         |                                     |
| Supplies and Materials                      | 600                  |                         | 43                                  |
| <b>Total Support Services</b>               | <u>3,200</u>         | <u>3,474</u>            | <u>161</u>                          |
| <b>Facilities Acquisition:</b>              |                      |                         |                                     |
| Instructional Equipment                     |                      |                         |                                     |
| <b>Total Facilities Acquisition</b>         |                      |                         |                                     |
| <b>Total Expenditures</b>                   | <u>\$ 4,585</u>      | <u>\$ 3,474</u>         | <u>\$ 968</u>                       |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                             | IDEA, Part B      |                  |                   |                   | Totals<br>June 30, 2010 |
|---------------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------------|
|                                             | Basic             | Preschool        | Basic<br>ARRA     | Preschool<br>ARRA |                         |
| <b>REVENUE:</b>                             |                   |                  |                   |                   |                         |
| Federal Sources                             | \$ 576,725        | \$ 31,242        | \$ 563,782        | \$ 18,852         | \$ 1,299,291            |
| <b>Total Revenue</b>                        | <u>576,725</u>    | <u>31,242</u>    | <u>563,782</u>    | <u>18,852</u>     | <u>1,299,291</u>        |
| <b>EXPENDITURES:</b>                        |                   |                  |                   |                   |                         |
| <b>Instruction:</b>                         |                   |                  |                   |                   |                         |
| Salaries of Teachers                        | 25,000            |                  | 76,116            | 2,254             | 165,478                 |
| Tuition                                     | 504,885           | 31,242           |                   |                   | 536,127                 |
| General Supplies                            |                   |                  | 33,294            | 9,463             | 50,029                  |
| Textbooks                                   |                   |                  |                   |                   | 9,460                   |
| Other Objects                               |                   |                  |                   |                   | 3,046                   |
| <b>Total Instruction</b>                    | <u>529,885</u>    | <u>31,242</u>    | <u>109,410</u>    | <u>11,717</u>     | <u>764,140</u>          |
| <b>Support Services:</b>                    |                   |                  |                   |                   |                         |
| Salaries of Other Professional Staff        |                   |                  |                   |                   | 102                     |
| Purchased Professional & Technical Services |                   |                  | 21,772            | 6,525             | 28,297                  |
| Purchased Professional/Educational Services | 46,840            |                  |                   |                   | 64,544                  |
| Personal Services - Employee Benefits       |                   |                  | 11,120            | 329               | 16,283                  |
| Other Purchased Services                    |                   |                  | 168,945           |                   | 172,455                 |
| Travel                                      |                   |                  | 623               |                   | 623                     |
| Supplies and Materials                      |                   |                  | 1,095             | 281               | 2,030                   |
| <b>Total Support Services</b>               | <u>46,840</u>     |                  | <u>203,555</u>    | <u>7,135</u>      | <u>284,334</u>          |
| <b>Facilities Acquisition:</b>              |                   |                  |                   |                   |                         |
| Instructional Equipment                     |                   |                  | 250,817           |                   | 250,817                 |
| <b>Total Facilities Acquisition</b>         |                   |                  | <u>250,817</u>    |                   | <u>250,817</u>          |
| <b>Total Expenditures</b>                   | <u>\$ 576,725</u> | <u>\$ 31,242</u> | <u>\$ 563,782</u> | <u>\$ 18,852</u>  | <u>\$ 1,299,291</u>     |

**CAPITAL PROJECTS FUND  
(NOT APPLICABLE)**

**PROPRIETARY FUNDS**

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

|                                                 | <u>Food Service<br/>Program</u> | <u>Summer<br/>Enrichment<br/>Program</u> | <u>Totals</u>     |
|-------------------------------------------------|---------------------------------|------------------------------------------|-------------------|
| <b>ASSETS:</b>                                  |                                 |                                          |                   |
| <b>Current Assets:</b>                          |                                 |                                          |                   |
| Cash and Cash Equivalents                       | \$ 132,234                      | \$ 51,823                                | \$ 184,057        |
| Accounts Receivable:                            |                                 |                                          |                   |
| State                                           | 719                             |                                          | 719               |
| Federal                                         | 9,980                           |                                          | 9,980             |
| Other                                           | 3,208                           |                                          | 3,208             |
| Prepaid Expenses                                |                                 | 838                                      | 838               |
| Inventories                                     | 23,147                          |                                          | 23,147            |
| <b>Total Current Assets</b>                     | <b>169,288</b>                  | <b>52,661</b>                            | <b>221,949</b>    |
| <b>Capital Assets:</b>                          |                                 |                                          |                   |
| Equipment                                       | 244,825                         |                                          | 244,825           |
| Accumulated Depreciation                        | (164,413)                       |                                          | (164,413)         |
| <b>Total Capital Assets</b>                     | <b>80,412</b>                   |                                          | <b>80,412</b>     |
| <b>Total Assets</b>                             | <b>249,700</b>                  | <b>52,661</b>                            | <b>302,361</b>    |
| <b>LIABILITIES:</b>                             |                                 |                                          |                   |
| <b>Current Liabilities:</b>                     |                                 |                                          |                   |
| Accounts Payable - Vendors                      | 50,398                          |                                          | 50,398            |
| Deferred Revenue                                |                                 | 50,150                                   | 50,150            |
| <b>Total Current Liabilities</b>                | <b>50,398</b>                   | <b>50,150</b>                            | <b>100,548</b>    |
| <b>NET ASSETS:</b>                              |                                 |                                          |                   |
| Invested in Capital Assets, Net of Related Debt | 80,412                          |                                          | 80,412            |
| Unrestricted                                    | 118,890                         | 2,511                                    | 121,401           |
| <b>Total Net Assets</b>                         | <b>\$ 199,302</b>               | <b>\$ 2,511</b>                          | <b>\$ 201,813</b> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                         | <u>Food Service<br/>Program</u> | <u>Summer<br/>Enrichment<br/>Program</u> | <u>Totals</u>     |
|-----------------------------------------|---------------------------------|------------------------------------------|-------------------|
| Operating Revenue:                      |                                 |                                          |                   |
| Local Sources:                          |                                 |                                          |                   |
| Daily Sales - Reimbursable Programs:    |                                 |                                          |                   |
| School Lunch Program                    | \$ 368,322                      |                                          | \$ 368,322        |
| Daily Sales - Non-Reimbursable Programs | 195,911                         |                                          | 195,911           |
| Special Functions                       | 18,777                          |                                          | 18,777            |
| Miscellaneous Program Fees              | 30,341                          | \$ 62,052                                | 92,393            |
| <b>Total Operating Revenue</b>          | <b>613,351</b>                  | <b>62,052</b>                            | <b>675,403</b>    |
| Operating Expenses:                     |                                 |                                          |                   |
| Cost of Sales                           | 340,597                         |                                          | 340,597           |
| Salaries                                | 245,213                         | 54,466                                   | 299,679           |
| Supplies and Materials                  | 19,871                          | 4,069                                    | 23,940            |
| Employee Benefits                       | 67,257                          |                                          | 67,257            |
| Purchased Professional Services         | 68,578                          |                                          | 68,578            |
| Transportation                          |                                 | 3,850                                    | 3,850             |
| Depreciation                            | 10,766                          |                                          | 10,766            |
| <b>Total Operating Expenses</b>         | <b>752,282</b>                  | <b>62,385</b>                            | <b>814,667</b>    |
| <b>Operating Income/(Loss)</b>          | <b>(138,931)</b>                | <b>(333)</b>                             | <b>(139,264)</b>  |
| Non-Operating Revenue:                  |                                 |                                          |                   |
| State Sources:                          |                                 |                                          |                   |
| State School Lunch Program              | 9,839                           |                                          | 9,839             |
| State School Breakfast Program          | 421                             |                                          | 421               |
| Federal Sources:                        |                                 |                                          |                   |
| National School Lunch Program           | 131,240                         |                                          | 131,240           |
| Special Milk Program                    | 2,525                           |                                          | 2,525             |
| National School Breakfast Program       | 5,224                           |                                          | 5,224             |
| Food Distribution Program               | 40,608                          |                                          | 40,608            |
| Interest Income                         | 143                             | 18                                       | 161               |
| <b>Total Non-Operating Revenue</b>      | <b>190,000</b>                  | <b>18</b>                                | <b>190,018</b>    |
| <b>Change in Net Assets</b>             | <b>51,069</b>                   | <b>(315)</b>                             | <b>50,754</b>     |
| <b>Net Assets - Beginning of Year</b>   | <b>148,233</b>                  | <b>2,826</b>                             | <b>151,059</b>    |
| <b>Net Assets - End of Year</b>         | <b>\$ 199,302</b>               | <b>\$ 2,511</b>                          | <b>\$ 201,813</b> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                                                                 | <u>Food Service<br/>Program</u> | <u>Summer<br/>Enrichment<br/>Program</u> | <u>Totals</u>       |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------|---------------------|
| <b>Cash Flows from Operating Activities:</b>                                                                    |                                 |                                          |                     |
| Receipts from Customers                                                                                         | \$ 615,763                      | \$ 52,372                                | \$ 668,135          |
| Payments to Employees                                                                                           | (312,470)                       | (54,466)                                 | (366,936)           |
| Payments to Suppliers                                                                                           | (420,877)                       | (7,919)                                  | (428,796)           |
| <b>Net Cash Used for Operating Activities</b>                                                                   | <u>(117,584)</u>                | <u>(10,013)</u>                          | <u>(127,597)</u>    |
| <b>Cash Flows from Investing Activities:</b>                                                                    |                                 |                                          |                     |
| Interest Income                                                                                                 | 143                             | 18                                       | 161                 |
| <b>Net Cash Provided by Investing Activities</b>                                                                | <u>143</u>                      | <u>18</u>                                | <u>161</u>          |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                                         |                                 |                                          |                     |
| Cash Received from State and Federal Reimbursements                                                             | 148,764                         |                                          | 148,764             |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                                                     | <u>148,764</u>                  |                                          | <u>148,764</u>      |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                                                     | 31,323                          | (9,995)                                  | 21,328              |
| <b>Cash and Cash Equivalents, July 1</b>                                                                        | <u>100,911</u>                  | <u>61,818</u>                            | <u>162,729</u>      |
| <b>Cash and Cash Equivalents, June 30</b>                                                                       | <u>\$ 132,234</u>               | <u>\$ 51,823</u>                         | <u>\$ 184,057</u>   |
| <b>Reconciliation of Operating Income/( Loss) to Net Cash<br/>Used for Operating Activities:</b>                |                                 |                                          |                     |
| Operating Income/(Loss)                                                                                         | \$ (138,931)                    | \$ (333)                                 | \$ (139,264)        |
| <b>Adjustment to Reconcile Operating Income/(Loss) to Cash<br/>Provided by/(Used for) Operating Activities:</b> |                                 |                                          |                     |
| Depreciation                                                                                                    | 10,766                          |                                          | 10,766              |
| Federal Food Distribution Program                                                                               | 40,608                          |                                          | 40,608              |
| <b>Changes in Assets and Liabilities:</b>                                                                       |                                 |                                          |                     |
| Decrease in Accounts Receivable, Net                                                                            | 2,412                           |                                          | 2,412               |
| Decrease in Prepaid Expenses                                                                                    |                                 | 1,815                                    | 1,815               |
| (Increase) in Inventory                                                                                         | (9,378)                         |                                          | (9,378)             |
| (Decrease) in Deferred Revenue                                                                                  |                                 | (11,495)                                 | (11,495)            |
| (Decrease) in Accounts Payable                                                                                  | (23,061)                        |                                          | (23,061)            |
| <b>Net Cash Used for Operating Activities</b>                                                                   | <u>\$ (117,584)</u>             | <u>\$ (10,013)</u>                       | <u>\$ (127,597)</u> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$40,608.

**FIDUCIARY FUNDS**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

|                                        | <u>Agency</u>           |                | <u>Total Agency</u> | <u>Unemployment Compensation Trust</u> | <u>Flex Spending Trust</u> |
|----------------------------------------|-------------------------|----------------|---------------------|----------------------------------------|----------------------------|
|                                        | <u>Student Activity</u> | <u>Payroll</u> |                     |                                        |                            |
| <b><u>ASSETS:</u></b>                  |                         |                |                     |                                        |                            |
| Cash and Cash Equivalents              | \$ 111,270              | \$ 183,302     | \$ 294,572          | \$ 26,233                              | \$ 4,091                   |
| Total Assets                           | <u>111,270</u>          | <u>183,302</u> | <u>294,572</u>      | <u>26,233</u>                          | <u>4,091</u>               |
| <b><u>LIABILITIES:</u></b>             |                         |                |                     |                                        |                            |
| Payroll Deductions and Withholdings    |                         | 182,522        | 182,522             |                                        |                            |
| Accrued Salaries and Wages             |                         | 780            | 780                 |                                        |                            |
| Due to Family Outreach                 | 196                     |                | 196                 |                                        |                            |
| Due to Student Groups                  | <u>111,074</u>          |                | <u>111,074</u>      |                                        |                            |
| Total Liabilities                      | <u>111,270</u>          | <u>183,302</u> | <u>294,572</u>      |                                        |                            |
| <b><u>NET ASSETS:</u></b>              |                         |                |                     |                                        |                            |
| Held in Trust for Unemployment Claims  |                         |                |                     | 26,233                                 |                            |
| Held in Trust for Flex Spending Claims |                         |                |                     |                                        | <u>4,091</u>               |
| Total Net Assets                       | <u>\$ -0-</u>           | <u>\$ -0-</u>  | <u>\$ -0-</u>       | <u>\$ 26,233</u>                       | <u>\$ 4,091</u>            |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                    | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flex<br/>Spending<br/>Trust</u> |
|------------------------------------|------------------------------------------------|------------------------------------|
| <b>ADDITIONS:</b>                  |                                                |                                    |
| Contributions:                     |                                                |                                    |
| Plan Members                       | \$ 85,352                                      | \$ 5,009                           |
| Total Additions                    | <u>85,352</u>                                  | <u>5,009</u>                       |
| <b>DEDUCTIONS:</b>                 |                                                |                                    |
| Unemployment Benefit Claims        | 108,014                                        |                                    |
| Flex Spending Claims               |                                                | 918                                |
| Total Deductions                   | <u>108,014</u>                                 | <u>918</u>                         |
| Change in Net Assets               | (22,662)                                       | 4,091                              |
| Net Assets - Beginning of the Year | <u>48,895</u>                                  |                                    |
| Net Assets - End of the Year       | <u>\$ 26,233</u>                               | <u>\$ 4,091</u>                    |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                           | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance</u><br><u>June 30, 2010</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|----------------------------------------|
| <b>ASSETS:</b>            |                                       |                   |                   |                                        |
| Cash and Cash Equivalents | \$ 117,130                            | \$ 224,470        | \$ 230,330        | \$ 111,270                             |
| <b>Total Assets</b>       | <u>\$ 117,130</u>                     | <u>\$ 224,470</u> | <u>\$ 230,330</u> | <u>\$ 111,270</u>                      |
| <br>                      |                                       |                   |                   |                                        |
| <b>LIABILITIES:</b>       |                                       |                   |                   |                                        |
| Due to Family Outreach    | \$ 695                                | \$ 1              | \$ 500            | \$ 196                                 |
| Due to Student Groups     | 116,435                               | 224,469           | 229,830           | 111,074                                |
| <b>Total Liabilities</b>  | <u>\$ 117,130</u>                     | <u>\$ 224,470</u> | <u>\$ 230,330</u> | <u>\$ 111,270</u>                      |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                | Balance<br>July 1, 2009 | Cash<br>Receipts | Cash<br>Disbursements | Balance<br>June 30, 2010 |
|--------------------------------|-------------------------|------------------|-----------------------|--------------------------|
| Elementary and Middle Schools: |                         |                  |                       |                          |
| Birchwood                      | \$ 10,092               | \$ 6,746         | \$ 10,118             | \$ 6,720                 |
| Copeland Middle                | 58,509                  | 192,698          | 185,477               | 65,730                   |
| C.A. Dwyer                     | 14,585                  | 17,114           | 17,823                | 13,876                   |
| K.D. Malone                    | 6,599                   | 3,968            | 7,027                 | 3,540                    |
| Dennis B. O'Brien              | 13,687                  | 1,533            | 3,807                 | 11,413                   |
| Stony Brook                    | 12,963                  | 2,410            | 5,578                 | 9,795                    |
| Subtotal All Schools           | 116,435                 | 224,469          | 229,830               | 111,074                  |
| Family Outreach Program        | 695                     | 1                | 500                   | 196                      |
| Total Student Activities       | \$ 117,130              | \$ 224,470       | \$ 230,330            | \$ 111,270               |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                        | <u>Balance</u><br><u>July 1, 2009</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Balance</u><br><u>June 30, 2010</u> |
|----------------------------------------|---------------------------------------|----------------------|----------------------|----------------------------------------|
| <b>ASSETS:</b>                         |                                       |                      |                      |                                        |
| Cash and Cash Equivalents              | \$ 183,748                            | \$ 33,332,777        | \$ 33,333,223        | \$ 183,302                             |
| <b>Total Assets</b>                    | <b>\$ 183,748</b>                     | <b>\$ 33,332,777</b> | <b>\$ 33,333,223</b> | <b>\$ 183,302</b>                      |
| <br><b>LIABILITIES:</b>                |                                       |                      |                      |                                        |
| Payroll Deductions<br>and Withholdings | \$ 181,070                            | \$ 32,606,543        | \$ 32,605,091        | \$ 182,522                             |
| Accrued Salaries and Wages             |                                       | 726,234              | 725,454              | 780                                    |
| Payable to Teachers' Association       | 2,678                                 |                      | 2,678                |                                        |
| <b>Total Liabilities</b>               | <b>\$ 183,748</b>                     | <b>\$ 33,332,777</b> | <b>\$ 33,333,223</b> | <b>\$ 183,302</b>                      |

LONG-TERM DEBT

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

| Purpose                | Date of Issue | Original Issue | Maturities of Bonds Outstanding June 30, 2010 |            | Interest Rate       | Balance July 1, 2009 | Retired or Matured  | Balance June 30, 2010 |
|------------------------|---------------|----------------|-----------------------------------------------|------------|---------------------|----------------------|---------------------|-----------------------|
|                        |               |                | Date                                          | Amount     |                     |                      |                     |                       |
| Refunding School Bonds | 05/01/05      | \$ 8,165,000   | 09/01/10                                      | \$ 375,000 | 3.500%              |                      |                     |                       |
|                        |               |                | 09/01/11                                      | 375,000    | 3.500%              |                      |                     |                       |
|                        |               |                | 09/01/12                                      | 370,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/13                                      | 370,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/14                                      | 365,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/15                                      | 365,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/16                                      | 360,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/17                                      | 375,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/18                                      | 390,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/19                                      | 405,000    | 4.000%              |                      |                     |                       |
|                        |               |                | 09/01/20                                      | 570,000    | 4.050%              |                      |                     |                       |
|                        |               |                | 09/01/21                                      | 595,000    | 4.125%              |                      |                     |                       |
|                        |               |                | 09/01/22                                      | 620,000    | 4.200%              |                      |                     |                       |
|                        |               |                | 09/01/23                                      | 650,000    | 4.250%              |                      |                     |                       |
|                        |               |                | 09/01/24                                      | 675,000    | 4.250%              |                      |                     |                       |
|                        |               |                |                                               |            | \$ 7,240,000        | \$ 380,000           | \$ 6,860,000        |                       |
|                        |               |                |                                               |            | <u>\$ 7,240,000</u> | <u>\$ 380,000</u>    | <u>\$ 6,860,000</u> |                       |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

| <u>Purpose</u>                                 | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Balance June 30, 2009</u> | <u>Issued</u>     | <u>Retired or Matured</u> | <u>Balance June 30, 2010</u> |
|------------------------------------------------|----------------------|-----------------------|------------------------------|-------------------|---------------------------|------------------------------|
| 2006 Purchase of Four 54-Passenger Buses       | 4.610%               | 349,920               | \$ 93,312                    |                   | \$ 69,984                 | \$ 23,328                    |
| 2007 Purchase of Seven Transportation Vehicles | 4.900%               | 576,500               | 235,707                      |                   | 115,037                   | 120,670                      |
| 2008 Type D Rear Engine Buses                  | 4.620%               | 552,265               | 342,293                      |                   | 108,985                   | 233,308                      |
| 2008 Purchase of Two 4-16 Passenger Buses      | 3.400%               | 203,088               | 161,916                      |                   | 38,326                    | 123,590                      |
| 2009 Purchase of Two 54-Passenger Buses        | 3.300%               | 224,892               | 176,946                      |                   | 42,106                    | 134,840                      |
| 2009 Purchase of One 22- Passenger Bus         | 4.500%               | 82,276                | 64,591                       |                   | 15,098                    | 49,493                       |
| 2010 Purchase of 5 2008 54 Passenger Buses     | 2.750%               | 239,888               |                              | \$ 239,888        |                           | 239,888                      |
| 2010 Chevrolet Silverado 2500 Utility Truck    | 2.750%               | 31,155                |                              | 31,155            | 10,668                    | 20,487                       |
|                                                |                      |                       | <u>\$ 1,074,765</u>          | <u>\$ 271,043</u> | <u>\$ 400,204</u>         | <u>\$ 945,604</u>            |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

|                                                                 | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|-----------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>REVENUE:</b>                                                 |                            |                             |                         |                |                                     |
| Local Sources:                                                  |                            |                             |                         |                |                                     |
| Local Tax Levy                                                  | \$ 471,605                 |                             | \$ 471,605              | \$ 471,605     |                                     |
| State Sources:                                                  |                            |                             |                         |                |                                     |
| Debt Service Aid Type II                                        | 191,276                    |                             | 191,276                 | 191,276        |                                     |
| <b>Total Revenue</b>                                            | <u>662,881</u>             |                             | <u>662,881</u>          | <u>662,881</u> |                                     |
| <b>EXPENDITURES:</b>                                            |                            |                             |                         |                |                                     |
| Regular Debt Service:                                           |                            |                             |                         |                |                                     |
| Interest                                                        | 282,882                    |                             | 282,882                 | 282,881        | \$ 1                                |
| Redemption of Principal                                         | 380,000                    |                             | 380,000                 | 380,000        |                                     |
| <b>Total Regular Debt Service</b>                               | <u>662,882</u>             |                             | <u>662,882</u>          | <u>662,881</u> | <u>1</u>                            |
| <b>Total Expenditures</b>                                       | <u>662,882</u>             |                             | <u>662,882</u>          | <u>662,881</u> | <u>1</u>                            |
| <b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b> | (1)                        | - 0 -                       | (1)                     | - 0 -          | 1                                   |
| <b>Fund Balance, July 1</b>                                     | <u>1</u>                   |                             | <u>1</u>                | <u>1</u>       |                                     |
| <b>Fund Balance, June 30</b>                                    | <u>\$ - 0 -</u>            | <u>\$ - 0 -</u>             | <u>\$ - 0 -</u>         | <u>\$ 1</u>    | <u>\$ 1</u>                         |

**STATISTICAL SECTION**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

|                                                  | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |
|--------------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                  | 2005                        | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 |
| <b>Governmental Activities:</b>                  |                             |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 8,123,531                | \$ 9,529,327         | \$ 9,860,277         | \$ 10,669,833        | \$ 11,476,650        | \$ 11,884,590        |
| Restricted                                       | 1,920,402                   | 2,977,684            | 3,942,712            | 5,271,583            | 2,948,876            | 1,952,233            |
| Unrestricted (Deficit)                           | 226,073                     | 234,507              | 1,023,079            | (942,080)            | (216,947)            | (1,223,333)          |
| <b>Total Governmental Activities Net Assets</b>  | <b>\$ 10,270,006</b>        | <b>\$ 12,741,518</b> | <b>\$ 14,826,068</b> | <b>\$ 14,999,336</b> | <b>\$ 14,208,579</b> | <b>\$ 12,613,490</b> |
| <b>Business-Type Activities:</b>                 |                             |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 87,426                   | \$ 90,586            | \$ 81,673            | \$ 72,517            | \$ 91,178            | \$ 80,412            |
| Unrestricted                                     | 35,371                      | 75,206               | 96,189               | 96,892               | 59,881               | 121,401              |
| <b>Total Business-Type Activities Net Assets</b> | <b>\$ 122,797</b>           | <b>\$ 165,792</b>    | <b>\$ 177,862</b>    | <b>\$ 169,409</b>    | <b>\$ 151,059</b>    | <b>\$ 201,813</b>    |
| <b>District-Wide:</b>                            |                             |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 8,210,957                | \$ 9,619,913         | \$ 9,941,950         | \$ 10,742,350        | \$ 11,567,828        | \$ 11,965,002        |
| Restricted                                       | 1,920,402                   | 2,977,684            | 3,942,712            | 5,271,583            | 2,948,876            | 1,952,233            |
| Unrestricted (Deficit)                           | 261,444                     | 309,713              | 1,119,268            | (845,188)            | (157,066)            | (1,101,932)          |
| <b>Total District-Wide Net Assets</b>            | <b>\$ 10,392,803</b>        | <b>\$ 12,907,310</b> | <b>\$ 15,003,930</b> | <b>\$ 15,168,745</b> | <b>\$ 14,359,638</b> | <b>\$ 12,815,303</b> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

| Expenses:                                      | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |
|------------------------------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                | 2005                        | 2006              | 2007              | 2008              | 2009              | 2010              |
| <b>Governmental Activities:</b>                |                             |                   |                   |                   |                   |                   |
| <b>Instruction:</b>                            |                             |                   |                   |                   |                   |                   |
| Regular                                        | \$ 16,133,911               | \$ 16,061,453     | \$ 17,142,175     | \$ 18,731,729     | \$ 17,449,642     | \$ 18,069,950     |
| Special Education                              | 6,286,019                   | 6,852,900         | 7,550,650         | 7,749,465         | 7,728,645         | 7,580,303         |
| Other Special Education                        | 295,492                     | 312,589           | 553,589           | 648,178           | 911,348           | 974,195           |
| Other Instruction                              | 259,122                     | 337,130           | 259,030           | 267,922           | 404,031           | 291,245           |
| <b>Support Services:</b>                       |                             |                   |                   |                   |                   |                   |
| Tuition                                        | 516,064                     | 795,888           | 631,302           | 592,350           | 762,478           | 1,484,917         |
| Student & Instruction Related Services         | 7,045,645                   | 6,716,935         | 7,018,981         | 7,131,569         | 6,946,562         | 6,862,779         |
| General Administration Services                | 1,295,667                   | 950,582           | 981,167           | 1,193,729         | 1,044,082         | 1,008,390         |
| School Administration Services                 | 1,835,747                   | 1,893,483         | 1,963,080         | 2,072,348         | 2,526,116         | 2,712,353         |
| Central Services                               | 709,126                     | 703,108           | 650,014           | 701,698           | 679,380           | 690,917           |
| Administrative Information Technology          | 448,700                     | 723,414           | 558,486           | 709,711           | 649,732           | 734,522           |
| Plant Operations and Maintenance               | 3,897,396                   | 4,141,198         | 4,447,310         | 4,835,624         | 4,813,407         | 4,794,236         |
| Pupil Transportation                           | 2,774,343                   | 3,042,972         | 3,092,908         | 3,314,695         | 3,010,754         | 3,126,101         |
| Capital Outlay                                 |                             | 27,359            | 7,232             | 109,257           | 51,639            | 272,212           |
| Special Schools                                | 107,301                     | 99,777            | 101,641           | 114,822           | 160,493           | 44,501            |
| Charter Schools                                | 19,708                      | 20,947            | 50,494            | 48,280            | 49,710            | 83,786            |
| Interest On Long-Term Debt                     | 462,449                     | 328,270           | 212,193           | 323,182           | 310,670           | 297,501           |
| Unallocated Depreciation                       | 734,372                     | 102,899           | 285,762           | 596,355           | 556,943           | 654,880           |
| <b>Total Governmental Activities Expenses</b>  | <b>42,821,062</b>           | <b>43,110,904</b> | <b>45,506,014</b> | <b>49,140,914</b> | <b>48,055,632</b> | <b>49,682,788</b> |
| <b>Business-Type Activities:</b>               |                             |                   |                   |                   |                   |                   |
| Proprietary Funds                              | 770,007                     | 768,558           | 833,703           | 885,928           | 875,247           | 814,667           |
| <b>Total Business-Type Activities Expenses</b> | <b>770,007</b>              | <b>768,558</b>    | <b>833,703</b>    | <b>885,928</b>    | <b>875,247</b>    | <b>814,667</b>    |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

|                                                          | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |
|----------------------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                          | 2005                        | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 |
| <b>Total District-Wide Expenses</b>                      | <b>\$ 43,591,069</b>        | <b>\$ 43,879,462</b> | <b>\$ 46,339,717</b> | <b>\$ 50,026,842</b> | <b>\$ 48,930,879</b> | <b>\$ 50,497,455</b> |
| <b>Program Revenues:</b>                                 |                             |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>                          |                             |                      |                      |                      |                      |                      |
| <b>Charges For Services:</b>                             |                             |                      |                      |                      |                      |                      |
| Tuition                                                  | 208,463                     | 242,326              | 217,969              | 163,952              | 202,225              | 86,567               |
| Pupil Transportation                                     | 6,083                       | 5,600                | 10,931               | 22,277               | 3,895                | 4,479                |
| Operating Grants and Contributions                       | 6,223,747                   | 6,585,954            | 8,137,208            | 8,210,379            | 6,293,411            | 6,763,967            |
| <b>Total Governmental Activities Program Revenues</b>    | <b>6,438,293</b>            | <b>6,833,880</b>     | <b>8,366,108</b>     | <b>8,396,608</b>     | <b>6,499,531</b>     | <b>6,855,013.00</b>  |
| <b>Business-Type Activities:</b>                         |                             |                      |                      |                      |                      |                      |
| Charges for Services                                     | 683,745                     | 667,392              | 703,962              | 720,060              | 694,049              | 675,403              |
| Operating Grants and Contributions                       | 138,020                     | 131,992              | 141,516              | 157,135              | 162,450              | 189,857              |
| <b>Total Business-Type Activities Program Revenues</b>   | <b>821,765</b>              | <b>799,384</b>       | <b>845,478</b>       | <b>877,195</b>       | <b>856,499</b>       | <b>865,260</b>       |
| <b>Total District-Wide Program Revenues</b>              | <b>7,260,058</b>            | <b>7,633,264</b>     | <b>9,211,586</b>     | <b>9,273,803</b>     | <b>7,356,030</b>     | <b>7,720,273</b>     |
| <b>Net Revenue/(Expense) - Governmental Activities</b>   | <b>(36,382,769)</b>         | <b>(36,277,024)</b>  | <b>(37,139,906)</b>  | <b>(40,744,306)</b>  | <b>(41,556,101)</b>  | <b>(42,827,775)</b>  |
| <b>Net Revenue/(Expense) - Business-Type Activities</b>  | <b>51,758</b>               | <b>30,826</b>        | <b>11,775</b>        | <b>(8,733)</b>       | <b>(18,748)</b>      | <b>50,593</b>        |
| <b>Total District-Wide Net Revenue/(Expense)</b>         | <b>(36,331,011)</b>         | <b>(36,246,198)</b>  | <b>(37,128,131)</b>  | <b>(40,753,039)</b>  | <b>(41,574,849)</b>  | <b>(42,777,182)</b>  |
| <b>General Revenues and Other Changes in Net Assets:</b> |                             |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>                          |                             |                      |                      |                      |                      |                      |
| Property Taxes Levied for General Purposes, Net          | 34,321,263                  | 35,907,798           | 36,816,712           | 38,968,817           | 38,308,060           | 38,637,775           |
| Taxes Levied for Debt Service                            | 544,095                     | 532,268              | 513,346              | 472,978              | 484,344              | 471,605              |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

|                                                                                        | Fiscal Year Ending June 30, |                     |                     |                   |                     |                       |
|----------------------------------------------------------------------------------------|-----------------------------|---------------------|---------------------|-------------------|---------------------|-----------------------|
|                                                                                        | 2005                        | 2006                | 2007                | 2008              | 2009                | 2010                  |
| <b>General Revenues and Other Changes in Net Assets:</b>                               |                             |                     |                     |                   |                     |                       |
| <b>Governmental Activities:</b>                                                        |                             |                     |                     |                   |                     |                       |
| Federal and State Aid not Restricted                                                   | \$ 1,352,132                | \$ 1,238,937        | \$ 1,362,137        | \$ 1,079,956      | \$ 1,712,585        | \$ 1,978,560          |
| Miscellaneous Income                                                                   | 157,438                     | 301,585             | 532,261             | 395,823           | 260,355             | 144,746               |
| Transfers                                                                              | (26,164)                    |                     |                     |                   |                     |                       |
| <b>Total Governmental Activities General Revenues and Other Changes in Net Assets</b>  | <u>36,348,764</u>           | <u>37,980,588</u>   | <u>39,224,456</u>   | <u>40,917,574</u> | <u>40,765,344</u>   | <u>41,232,686</u>     |
| <b>Business-Type Activities:</b>                                                       |                             |                     |                     |                   |                     |                       |
| Investment Earnings                                                                    | 213                         | 235                 | 295                 | 280               | 398                 | 161                   |
| Transfers                                                                              | 41,779                      | 11,934              |                     |                   |                     |                       |
| <b>Total Business-Type Activities General Revenues and Other Changes in Net Assets</b> | <u>41,992</u>               | <u>12,169</u>       | <u>295</u>          | <u>280</u>        | <u>398</u>          | <u>161</u>            |
| <b>Total District-Wide General Revenues and Other Changes in Net Assets</b>            | <u>36,390,756</u>           | <u>37,992,757</u>   | <u>39,224,751</u>   | <u>40,917,854</u> | <u>40,765,742</u>   | <u>41,232,847</u>     |
| <b>Change in Net Assets:</b>                                                           |                             |                     |                     |                   |                     |                       |
| Governmental Activities                                                                | (34,005)                    | 1,703,564           | 2,084,550           | 173,268           | (790,757)           | (1,595,089)           |
| Business-Type Activities                                                               | 93,750                      | 42,995              | 12,070              | (8,453)           | (18,350)            | 50,754                |
| <b>Total District-Wide Change in Net Assets</b>                                        | <u>\$ 59,745</u>            | <u>\$ 1,746,559</u> | <u>\$ 2,096,620</u> | <u>\$ 164,815</u> | <u>\$ (809,107)</u> | <u>\$ (1,544,335)</u> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(Modified Accrual Basis of Accounting)*

|                                           | Fiscal Year Ending June 30, |                            |                            |                            |                            |                            |
|-------------------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                           | 2005                        | 2006                       | 2007                       | 2008                       | 2009                       | 2010                       |
| General Fund:                             |                             |                            |                            |                            |                            |                            |
| Reserved                                  | \$ 1,741,880                | \$ 2,977,684               | \$ 3,942,712               | \$ 5,271,583               | \$ 2,948,876               | \$ 1,367,449               |
| Unreserved                                | 1,297,946                   | 1,158,209                  | 1,444,866                  | 1,027,156                  | 1,332,258                  | 897,900                    |
| <b>Total General Fund</b>                 | <b><u>\$ 3,039,826</u></b>  | <b><u>\$ 4,135,893</u></b> | <b><u>\$ 5,387,578</u></b> | <b><u>\$ 6,298,739</u></b> | <b><u>\$ 4,281,134</u></b> | <b><u>\$ 2,265,349</u></b> |
| All Other Governmental Funds:             |                             |                            |                            |                            |                            |                            |
| Unreserved, Reported In:                  |                             |                            |                            |                            |                            |                            |
| Debt Service Fund                         | \$ - 0 -                    | \$ 20,456                  | \$ 20,456                  | \$ 1                       | \$ 1                       | \$ 1                       |
| <b>Total All Other Governmental Funds</b> | <b><u>\$ - 0 -</u></b>      | <b><u>\$ 20,456</u></b>    | <b><u>\$ 20,456</u></b>    | <b><u>\$ 1</u></b>         | <b><u>\$ 1</u></b>         | <b><u>\$ 1</u></b>         |
| <b>Total All Governmental Funds</b>       | <b><u>\$ 3,039,826</u></b>  | <b><u>\$ 4,156,349</u></b> | <b><u>\$ 5,408,034</u></b> | <b><u>\$ 6,298,740</u></b> | <b><u>\$ 4,281,135</u></b> | <b><u>\$ 2,265,350</u></b> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                          | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |
|------------------------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                          | 2005                        | 2006              | 2007              | 2008              | 2009              | 2010              |
| <b>Revenues:</b>                         |                             |                   |                   |                   |                   |                   |
| Tax Levy                                 | \$ 34,865,358               | \$ 36,440,066     | \$ 37,330,058     | \$ 39,441,795     | \$ 38,792,404     | \$ 39,109,380     |
| Tuition                                  |                             |                   | 217,969           | 163,952           | 202,225           | 86,567            |
| Transportation Fees from Other LEAs      | 6,083                       | 5,600             | 10,931            | 22,277            | 3,895             | 4,479             |
| Interest Earned on Capital Reserve Funds | 2,587                       | 12,371            | 32,776            | 28,235            | 28,337            | 4,238             |
| Miscellaneous                            | 363,314                     | 531,540           | 504,495           | 371,588           | 232,018           | 140,508           |
| State Sources                            | 6,244,234                   | 6,652,086         | 8,051,958         | 8,172,495         | 7,161,176         | 6,822,610         |
| Federal Sources                          | 1,331,645                   | 1,172,805         | 1,442,387         | 1,113,840         | 844,820           | 1,919,917         |
| <b>Total Revenue</b>                     | <b>42,813,221</b>           | <b>44,814,468</b> | <b>47,590,574</b> | <b>49,314,182</b> | <b>47,264,875</b> | <b>48,087,699</b> |
| <b>Expenditures:</b>                     |                             |                   |                   |                   |                   |                   |
| <b>Instruction:</b>                      |                             |                   |                   |                   |                   |                   |
| Regular Instruction                      | 12,269,661                  | 11,891,804        | 12,435,884        | 12,418,298        | 12,961,118        | 12,701,365        |
| Special Education Instruction            | 4,778,597                   | 4,961,332         | 5,230,467         | 5,305,687         | 5,794,144         | 5,260,078         |
| Other Instruction                        | 259,122                     | 312,589           | 521,105           | 613,206           | 296,778           | 660,603           |
| Other Special Instruction                | 300,469                     | 299,635           | 259,030           | 267,922           | 630,204           | 215,817           |
| <b>Support Services:</b>                 |                             |                   |                   |                   |                   |                   |
| Tuition                                  | 516,064                     | 795,888           | 631,302           | 592,350           | 762,478           | 1,484,917         |
| Student & Instruction Related Services   | 5,089,600                   | 5,002,286         | 4,906,232         | 5,033,204         | 5,465,364         | 5,446,417         |
| General Administration Services          | 1,214,961                   | 849,744           | 788,934           | 879,325           | 928,443           | 831,929           |
| School Administration Services           | 1,582,792                   | 1,617,843         | 1,688,750         | 1,799,503         | 1,907,596         | 2,045,203         |
| Central Services                         | 561,082                     | 577,912           | 514,271           | 497,597           | 522,642           | 515,889           |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SIX FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                             | Fiscal Year Ending June 30, |                   |                   |                   |                    |                    |
|---------------------------------------------|-----------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
|                                             | 2005                        | 2006              | 2007              | 2008              | 2009               | 2010               |
| <b>Expenditures:</b>                        |                             |                   |                   |                   |                    |                    |
| Administrative Information Technology       | \$ 413,074                  | \$ 664,802        | \$ 496,158        | \$ 648,005        | \$ 567,333         | \$ 641,054         |
| Plant Operations and Maintenance            | 3,404,189                   | 3,547,704         | 3,688,311         | 4,112,790         | 4,256,124          | 4,195,682          |
| Pupil Transportation                        | 2,284,273                   | 2,372,091         | 2,461,383         | 2,653,038         | 2,748,111          | 2,775,026          |
| Allocated Benefits                          |                             | 6,753,020         | 7,373,808         | 7,285,497         |                    |                    |
| Unallocated Benefits                        | 8,936,694                   | 2,863,387         | 4,313,005         | 4,364,216         | 10,648,181         | 11,622,564         |
| <b>Debt Service:</b>                        |                             |                   |                   |                   |                    |                    |
| Principal                                   | 350,000                     | 465,000           | 390,000           | 385,000           | 385,000            | 380,000            |
| Interest and Other Charges                  | 414,773                     | 262,692           | 323,519           | 308,300           | 295,788            | 282,881            |
| Capital Outlay                              | 507,691                     | 689,412           | 741,085           | 1,648,701         | 1,445,700          | 1,196,330          |
| Special Schools                             | 107,301                     | 99,777            | 101,641           | 114,822           | 128,022            | 34,986             |
| Charter Schools                             | 19,708                      | 20,947            | 50,494            | 48,280            | 49,710             | 83,786             |
| <b>Total Expenditures</b>                   | <u>43,010,051</u>           | <u>44,047,865</u> | <u>46,915,379</u> | <u>48,975,741</u> | <u>49,792,736</u>  | <u>50,374,527</u>  |
| <b>Excess/(Deficiency) of Revenues</b>      |                             |                   |                   |                   |                    |                    |
| Over/(Under) Expenditures                   | <u>(196,830)</u>            | <u>766,603</u>    | <u>675,195</u>    | <u>338,441</u>    | <u>(2,527,861)</u> | <u>(2,286,828)</u> |
| <b>Other Financing Sources/(Uses):</b>      |                             |                   |                   |                   |                    |                    |
| Transfer to Food Service Enterprise Fund    | (26,164)                    |                   |                   |                   |                    |                    |
| Capital Leases (Non-Budgeted)               | 184,923                     | 349,920           | 576,500           | 552,265           | 510,256            | 271,043            |
| Payment to Bond Refunding Escrow Agent      | (7,803,000)                 |                   |                   |                   |                    |                    |
| Serial Bonds Debt Issued                    | 7,803,000                   |                   |                   |                   |                    |                    |
| <b>Total Other Financing Sources/(Uses)</b> | <u>158,759</u>              | <u>349,920</u>    | <u>576,500</u>    | <u>552,265</u>    | <u>510,256</u>     | <u>271,043</u>     |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**  
*(Modified Accrual Basis of Accounting)*

|                                                    | Fiscal Year Ending June 30, |              |              |            |                |                |
|----------------------------------------------------|-----------------------------|--------------|--------------|------------|----------------|----------------|
|                                                    | 2005                        | 2006         | 2007         | 2008       | 2009           | 2010           |
| Excess of Revenue and Other Financing Sources      |                             |              |              |            |                |                |
| Over/(Under) Expenditures and Other Financing Uses | \$ 158,759                  | \$ 1,116,523 | \$ 1,251,695 | \$ 890,706 | \$ (2,017,605) | \$ (2,015,785) |
| Debt Service As a % of Noncapital Expenditures     | 1.80%                       | 1.68%        | 1.55%        | 1.46%      | 1.41%          | 1.35%          |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

| Fiscal<br>Year Ended<br>June 30, | Interest on<br>Investments | Tuition    | Rentals-<br>Use of<br>Facilities | Transportation<br>Fees | Other    | Total      |
|----------------------------------|----------------------------|------------|----------------------------------|------------------------|----------|------------|
| 2001                             | \$ 26,171                  | \$ 169,998 |                                  | \$ 34,119              | \$ 3,142 | \$ 233,430 |
| 2002                             | 1,373                      | 143,582    |                                  | 35,350                 | 21,959   | 202,264    |
| 2003                             | 29,151                     | 277,685    |                                  | 45,909                 | 67,581   | 420,326    |
| 2004                             | 71,767                     | 291,557    | \$ 5,321                         | 4,761                  | 18,877   | 392,283    |
| 2005                             | 116,127                    | 208,463    | 7,175                            | 6,083                  | 34,136   | 371,984    |
| 2006                             | 261,661                    | 242,326    | 6,361                            | 5,600                  | 33,563   | 549,511    |
| 2007                             | 412,908                    | 217,969    |                                  | 10,931                 | 119,353  | 761,161    |
| 2008                             | 299,691                    | 163,952    | 514                              | 22,277                 | 95,618   | 582,052    |
| 2009                             | 133,858                    | 202,225    |                                  | 3,895                  | 126,497  | 466,475    |
| 2010                             | 40,487                     | 86,567     | 3,325                            | 4,479                  | 100,934  | 235,792    |

Source: Rockaway Township School District records.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST SIX YEARS**  
**UNAUDITED**

| Year Ended<br>December 31, | Vacant<br>Land | Residential      | Farm<br>(Regular) | Farm<br>(Qualified) | Commercial     | Industrial     | Apartment     | Total<br>Assessed<br>Value | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Tax-Exempt<br>Property | Total Direct<br>School Tax<br>Rate <sup>b</sup> | Estimated<br>Actual<br>(County<br>Equalized)<br>Valuation |
|----------------------------|----------------|------------------|-------------------|---------------------|----------------|----------------|---------------|----------------------------|----------------------------------|--------------------------|------------------------|-------------------------------------------------|-----------------------------------------------------------|
| 2004                       | \$ 106,764,900 | \$ 2,114,897,850 | \$ 2,919,900      | \$ 231,200          | \$ 472,080,600 | \$ 194,954,000 | \$ 32,887,700 | \$ 2,924,736,150           | \$ 3,637,463                     | \$ 2,928,373,613         | \$ 924,356,700         | \$ 1.17                                         | \$ 3,138,978,041                                          |
| 2005                       | 90,804,800     | 2,130,423,600    | 3,613,000         | 233,700             | 467,819,900    | 193,367,600    | 32,887,700    | 2,919,150,300              | 3,203,134                        | 2,922,353,434            | 925,111,500            | 1.22                                            | 3,471,351,415                                             |
| 2006                       | 66,597,800     | 2,153,129,000    | 3,613,000         | 153,700             | 492,312,500    | 170,170,500    | 35,514,500    | 2,921,491,000              | 3,518,948                        | 2,923,961,301            | 933,659,300            | 1.27                                            | 4,176,109,351                                             |
| 2007                       | 65,014,700     | 2,169,466,200    | 3,370,700         | 152,300             | 450,806,800    | 172,386,400    | 38,686,200    | 2,899,883,300              | 2,964,341                        | 2,902,847,641            | 936,722,300            | 1.31                                            | 4,429,660,672                                             |
| 2008                       | 73,980,100     | 2,175,843,900    | 3,526,800         | 157,600             | 440,184,300    | 166,746,900    | 40,661,200    | 2,901,100,800              | 3,170,052                        | 2,904,270,852            | 937,428,400            | 1.35                                            | 4,591,732,572                                             |
| 2009                       | 57,991,000     | 2,191,514,300    | 4,195,500         | 159,400             | 440,278,600    | 157,233,000    | 40,661,200    | 2,892,033,000              | 3,511,905                        | 2,895,544,905            | 944,482,600            | 1.35                                            | 4,589,387,613                                             |

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

<sup>b</sup> Tax rates are per \$100 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township Tax Assessor.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**UNAUDITED**  
*(Rate per \$100 of Assessed Value)*

| Year Ended<br>December 31, | Rockaway Township School District |                                                    |                 | Overlapping Rates              |                            |                  | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|-----------------------------------|----------------------------------------------------|-----------------|--------------------------------|----------------------------|------------------|------------------------------------------------|
|                            | Basic Rate <sup>a</sup>           | General<br>Obligation<br>Debt Service <sup>b</sup> | Total<br>Direct | Regional<br>School<br>District | Township<br>of<br>Rockaway | Morris<br>County |                                                |
| 2000                       | \$ 2.21                           | \$ 0.05                                            | \$ 2.26         | \$ 1.06                        | \$ 1.19                    | \$ 0.56          | \$ 5.07                                        |
| 2001                       | 2.32                              | 0.07                                               | 2.39            | 1.13                           | 1.20                       | 0.59             | 5.31                                           |
| 2002                       | ^ 1.00 ^                          | 0.02 ^                                             | 1.02 ^          | 0.49 ^                         | 0.55 ^                     | 0.26 ^           | 2.32                                           |
| 2003                       | 1.10                              | 0.02                                               | 1.12            | 0.54                           | 0.56                       | 0.28             | 2.50                                           |
| 2004                       | 1.15                              | 0.02                                               | 1.17            | 0.60                           | 0.65                       | 0.25             | 2.67                                           |
| 2005                       | 1.20                              | 0.02                                               | 1.22            | 0.67                           | 0.70                       | 0.26             | 2.84                                           |
| 2006                       | 1.25                              | 0.02                                               | 1.27            | 0.71                           | 0.68                       | 0.36             | 3.02                                           |
| 2007                       | 1.29                              | 0.02                                               | 1.31            | 0.76                           | 0.72                       | 0.36             | 3.15                                           |
| 2008                       | 1.33                              | 0.02                                               | 1.35            | 0.79                           | 0.78                       | 0.36             | 3.28                                           |
| 2009                       | 1.33                              | 0.02                                               | 1.35            | 0.81                           | 0.82                       | 0.35             | 3.33                                           |

^ Revaluation of Real Property was effective in this year.

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

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Rockaway Township Tax Collector and School Business Administrator.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| 2009                                                              |                        |                                           | 2000                                                              |                        |                                           |
|-------------------------------------------------------------------|------------------------|-------------------------------------------|-------------------------------------------------------------------|------------------------|-------------------------------------------|
| Taxpayer                                                          | Taxable Assessed Value | % of Total District Net Valuation Taxable | Taxpayer                                                          | Taxable Assessed Value | % of Total District Net Valuation Taxable |
| Rockaway Center Associates/<br>Corporate Property Investors, Inc. | \$ 145,000,000         | 5.01%                                     | Rockaway Center Associates/<br>Corporate Property Investors, Inc. | \$ 73,910,100          | 6.72%                                     |
| Mt. Hope Rock Products & Hydro                                    | 35,609,400             | 1.23%                                     | Bergen Record                                                     | 18,000,000             | 1.64%                                     |
| MarketPlace at Rockaway, LLC                                      | 21,581,700             | 0.75%                                     | Mt. Hope Rock Products & Hydro                                    | 15,701,000             | 1.43%                                     |
| GIM PA Partners, LP                                               | 20,722,300             | 0.72%                                     | Hewlett Packard                                                   | 11,203,300             | 1.02%                                     |
| Rustic Ridge, Inc.                                                | 30,424,100             | 1.05%                                     | Macy's East, Inc./Federated Department Stores                     | 10,851,600             | 0.99%                                     |
| Bergen Record                                                     | 19,000,000             | 0.66%                                     | Rustic Ridge, Inc.                                                | 10,200,000             | 0.93%                                     |
| Dover VF C/O Vornado Realty Trust                                 | 18,103,600             | 0.63%                                     | Simon Rock Vac, LLC, C/O Simon                                    |                        |                                           |
| Macy's East, Inc./Federated Department Stores                     | 17,876,100             | 0.62%                                     | Debartalo Group                                                   | 9,828,100              | 0.89%                                     |
| Target Corporation                                                | 15,635,600             | 0.54%                                     | HPI Linque Partners                                               | 9,609,600              | 0.87%                                     |
| Retail Property Trust                                             | 14,535,200             | 0.50%                                     | Sears Roebuck Company                                             | 8,600,000              | 0.78%                                     |
|                                                                   |                        |                                           | Dover Holding Corporation                                         | 8,191,700              | 0.74%                                     |
| <b>Total</b>                                                      | <b>\$ 338,488,000</b>  | <b>11.69%</b>                             | <b>Total</b>                                                      | <b>\$ 176,095,400</b>  | <b>16.01%</b>                             |

Source: Rockaway Township Tax Assessor.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the Fiscal<br>Year of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------|----------------------------------------|--------------------------------------------------------------|-----------------------|---------------------------------------|
|                               |                                        | Amount                                                       | Percentage<br>of Levy |                                       |
| 2001                          | \$ 25,597,036                          | \$ 25,597,036                                                | 100.00%               | - 0 -                                 |
| 2002                          | 28,250,665                             | 28,250,665                                                   | 100.00%               | - 0 -                                 |
| 2003                          | 30,998,380                             | 30,998,380                                                   | 100.00%               | - 0 -                                 |
| 2004                          | 34,127,834                             | 34,127,834                                                   | 100.00%               | - 0 -                                 |
| 2005                          | 34,865,358                             | 34,865,358                                                   | 100.00%               | - 0 -                                 |
| 2006                          | 36,440,066                             | 36,440,066                                                   | 100.00%               | - 0 -                                 |
| 2007                          | 37,330,058                             | 37,330,058                                                   | 100.00%               | - 0 -                                 |
| 2008                          | 39,441,795                             | 39,441,795                                                   | 100.00%               | - 0 -                                 |
| 2009                          | 38,792,404                             | 38,792,404                                                   | 100.00%               | - 0 -                                 |
| 2010                          | 39,109,380                             | 39,109,380                                                   | 100.00%               | - 0 -                                 |

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

Source: Rockaway Township School District records including the Certificate & Report of School Taxes (A4F form).

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST SIX FISCAL YEARS**  
**UNAUDITED**

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities        |                   |                                         | Total<br>District | Percentage<br>of Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|--------------------------------|-------------------|-----------------------------------------|-------------------|--------------------------------------------------|-------------------------|
|                                  | General<br>Obligation<br>Bonds | Capital<br>Leases | Bond<br>Anticipation<br>Notes<br>(BANs) |                   |                                                  |                         |
| 2005                             | \$ 8,865,000                   | \$ 295,484        | \$ -0-                                  | \$ 9,160,484      | 0.58%                                            | \$ 364                  |
| 2006                             | 8,400,000                      | 434,191           | -0-                                     | 8,834,191         | 0.51%                                            | 349                     |
| 2007                             | 8,010,000                      | 712,218           | -0-                                     | 8,722,218         | 0.48%                                            | 122                     |
| 2008                             | 7,625,000                      | 955,133           | -0-                                     | 8,580,133         | 0.47%                                            | 339                     |
| 2009                             | 7,240,000                      | 1,074,765         | -0-                                     | 8,314,765         | 0.46%                                            | 327                     |
| 2010                             | 6,860,000                      | 945,604           | -0-                                     | 7,805,604         | 0.43%                                            | 307                     |

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |                                           | Percentage of<br>Net Valuation<br>Taxable <sup>a</sup> | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|-------------------------------------------|--------------------------------------------------------|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |                                                        |                         |
| 2005                                | \$ 8,865,000                    | -0-        | \$ 8,865,000                              | 0.30%                                                  | \$ 353                  |
| 2006                                | 8,400,000                       | -0-        | 8,400,000                                 | 0.29%                                                  | 332                     |
| 2007                                | 8,010,000                       | -0-        | 8,010,000                                 | 0.28%                                                  | 112                     |
| 2008                                | 7,625,000                       | -0-        | 7,625,000                                 | 0.26%                                                  | 301                     |
| 2009                                | 7,240,000                       | -0-        | 7,240,000                                 | 0.25%                                                  | 285                     |
| 2010                                | 6,860,000                       | -0-        | 6,860,000                                 | 0.24%                                                  | 270                     |

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

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population estimate for the previous calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

Exhibit J-12

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2009**  
**UNAUDITED**

| <u>Governmental Unit</u>              | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable *</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|---------------------------------------|-----------------------------|--------------------------------------------------|--------------------------------------------------------|
| Debt Repaid With Property Taxes       |                             |                                                  |                                                        |
| Township of Rockaway                  | \$ 27,918,668               | 100.00%                                          | \$ 27,918,668                                          |
| Morris County General Obligation Debt | 255,031,540                 | 4.43%                                            | 11,297,897                                             |
| Morris Hills Regional District Debt   | 37,327,000                  | 46.75%                                           | 17,449,683                                             |
| Subtotal, Overlapping Debt            |                             |                                                  | 56,666,248                                             |
| Rockaway School District Direct Debt  |                             |                                                  | <u>7,805,604</u>                                       |
| Total Direct And Overlapping Debt     |                             |                                                  | <u><u>\$ 64,471,852</u></u>                            |

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

|                                                 |                          |
|-------------------------------------------------|--------------------------|
|                                                 | <u>Rockaway Township</u> |
| Equalized Valuation Basis                       |                          |
| 2009                                            | \$ 4,773,119,327         |
| 2008                                            | 4,586,720,632            |
| 2007                                            | 4,468,233,128            |
|                                                 | <u>\$13,828,073,087</u>  |
| <br>                                            |                          |
| Average Equalized Valuation of Taxable Property | <u>\$ 4,609,357,696</u>  |
| <br>                                            |                          |
| Debt Limit (3%* of Average Equalization Value)  | \$ 138,280,731           |
| Net Bonded School Debt as of June 30, 2010      | 7,805,604                |
| Legal Debt Margin                               | <u>\$ 130,475,127</u>    |

|                                                                         | Fiscal Year          |                      |                      |                      |                      |                      |                       |                       |                       |                       |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                         | 2001                 | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                  | 2008                  | 2009                  | 2010                  |
| Debt Limit                                                              | \$ 60,694,091        | \$ 66,937,176        | \$ 74,343,520        | \$ 83,273,522        | \$ 93,102,496        | \$ 107,191,339       | \$ 120,676,464        | \$ 130,726,040        | \$ 135,009,909        | \$ 138,280,731        |
| Total Net Debt Applicable to Limit                                      | 9,903,000            | 9,553,000            | 9,203,000            | 8,853,000            | 9,160,484            | 8,834,191            | 8,722,218             | 8,580,133             | 8,314,765             | 7,805,604             |
| Legal Debt Margin                                                       | <u>\$ 50,791,091</u> | <u>\$ 57,384,176</u> | <u>\$ 65,140,520</u> | <u>\$ 74,420,522</u> | <u>\$ 83,942,012</u> | <u>\$ 98,357,148</u> | <u>\$ 111,954,246</u> | <u>\$ 122,145,907</u> | <u>\$ 126,695,144</u> | <u>\$ 130,475,127</u> |
| Total Net Debt Applicable to the Limit<br>As a Percentage of Debt Limit | 16.32%               | 14.27%               | 12.38%               | 10.63%               | 9.84%                | 8.24%                | 7.23%                 | 6.56%                 | 6.16%                 | 5.64%                 |

\* Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

| <u>Year</u> | <u>Township<br/>Population<sup>a</sup></u> | <u>Morris County<br/>Per Capita<br/>Personal<br/>Income<sup>b</sup></u> | <u>Township<br/>Personal<br/>Income<sup>c</sup></u> | <u>Township<br/>Unemployment<br/>Rate<sup>d</sup></u> |
|-------------|--------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| 2001        | \$ 23,788                                  | \$ 56,673                                                               | \$ 1,348,137,324                                    | 2.70%                                                 |
| 2002        | 24,377                                     | 56,535                                                                  | 1,378,153,695                                       | 3.70%                                                 |
| 2003        | 24,823                                     | 57,018                                                                  | 1,415,357,814                                       | 4.20%                                                 |
| 2004        | 24,924                                     | 61,101                                                                  | 1,522,881,324                                       | 3.30%                                                 |
| 2005        | 25,142                                     | 63,297                                                                  | 1,591,413,174                                       | 2.30%                                                 |
| 2006        | 25,320                                     | 68,364                                                                  | 1,730,976,480                                       | 2.50%                                                 |
| 2007        | 25,267                                     | 71,300                                                                  | 1,801,537,100                                       | 2.30%                                                 |
| 2008        | 25,312                                     | 71,812                                                                  | 1,817,705,344                                       | 2.90%                                                 |
| 2009        | 25,438                                     | 71,812                                                                  | * 1,826,753,656                                     | 7.10%                                                 |
| 2010        | 25,438 **                                  | 71,812                                                                  | * 1,826,753,656                                     | N/A                                                   |

\* - Latest Morris County per capita personal income available (2008) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes.

N/A - Information is not available.

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| Employer                                       | 2009           |                                | Employer                     | 2000      |                                |
|------------------------------------------------|----------------|--------------------------------|------------------------------|-----------|--------------------------------|
|                                                | Employees      | Percentage of Total Employment |                              | Employees | Percentage of Total Employment |
| Atlantic Health - Morristown Memorial Hospital | 6,300          | 2.47%                          | Information is Not Available |           |                                |
| U.S. Army Armament Research and Development    | 3,575          | 1.40%                          |                              |           |                                |
| Novartis                                       | 3,573          | 1.40%                          |                              |           |                                |
| Saint Clare's Health System                    | 2,342          | 0.92%                          |                              |           |                                |
| County of Morris                               | 2,126          | 0.83%                          |                              |           |                                |
| ADP                                            | 2,019          | 0.79%                          |                              |           |                                |
| UPS                                            | 1,941          | 0.76%                          |                              |           |                                |
| AT&T                                           | 1,500          | 0.59%                          |                              |           |                                |
| Honeywell                                      | 1,500          | 0.59%                          |                              |           |                                |
| Wyndham Worldwide                              | 1,395          | 0.55%                          |                              |           |                                |
| <b>Total</b>                                   | <b>26,271</b>  | <b>10.32%</b>                  |                              |           |                                |
| <b>Total Employment *</b>                      | <b>254,678</b> |                                | <b>Total Employment *</b>    |           |                                |

\* - Employment data provided by the NJ Department of Labor and Workforce Development.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST SIX FISCAL YEARS  
UNAUDITED

| <u>Function/Program</u>                | <u>2005</u>  | <u>2006</u>  | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  |
|----------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Instruction:</b>                    |              |              |              |              |              |              |
| Regular                                | 174.0        | 174.0        | 176.0        | 185.0        | 190.0        | 184.0        |
| Special Education                      | 66.0         | 69.0         | 68.0         | 69.0         | 76.0         | 79.0         |
| Other Special Education                | 16.0         | 16.0         | 18.0         | 19.0         | 25.0         | 25.0         |
| <b>Support Services:</b>               |              |              |              |              |              |              |
| Student & Instruction Related Services | 75.0         | 75.0         | 73.5         | 76.0         | 100.0        | 100.0        |
| School Administration Services         | 20.5         | 20.5         | 21.5         | 20.0         | 23.0         | 26.0         |
| General & Business Administration      | 18.0         | 18.0         | 18.0         | 18.0         | 21.0         | 23.0         |
| Plant Operations and Maintenance       | 39.0         | 39.0         | 39.0         | 45.0         | 43.0         | 52.0         |
| Pupil Transportation                   | 30.0         | 30.0         | 30.0         | 39.0         | 47.0         | 59.0         |
| <b>Total</b>                           | <b>438.5</b> | <b>441.5</b> | <b>444.0</b> | <b>471.0</b> | <b>525.0</b> | <b>548.0</b> |

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SIX FISCAL YEARS  
UNAUDITED

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil <sup>d</sup> | Percent Change | Teaching Staff <sup>b</sup> | Pupil/Teacher Ratio |        | Average Daily Enrollment (ADE) <sup>c</sup> | Average Daily Attendance (ADA) <sup>c</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|----------------|-----------------------------|---------------------|--------|---------------------------------------------|---------------------------------------------|--------------------------------------|-------------------------------|
|             |            |                                     |                             |                |                             | Elementary          | Middle |                                             |                                             |                                      |                               |
| 2005        | 2,835      | \$ 41,737,587                       | \$ 14,722                   | N/A            | 330                         | 12: 1               | 12: 1  | 2,835                                       | 2,723                                       | -1.80%                               | 96.05%                        |
| 2006        | 2,850      | 42,630,761                          | 14,958                      | 1.60%          | 336                         | 12: 1               | 12: 1  | 2,850                                       | 2,735                                       | 0.53%                                | 95.96%                        |
| 2007        | 2,844      | 45,460,775                          | 15,985                      | 6.86%          | 308                         | 12: 1               | 12: 1  | 2,844                                       | 2,731                                       | -0.21%                               | 96.03%                        |
| 2008        | 2,764      | 46,633,740                          | 16,872                      | 5.55%          | 297                         | 10: 1               | 12: 1  | 2,747                                       | 2,638                                       | -3.41%                               | 96.03%                        |
| 2009        | 2,724      | 47,666,248                          | 17,499                      | 3.72%          | 304                         | 12: 1               | 12: 1  | 2,715                                       | 2,607                                       | -1.16%                               | 96.02%                        |
| 2010        | 2,630      | 48,515,316                          | 18,447                      | 5.42%          | 301                         | 12: 1               | 12: 1  | 2,619                                       | 2,522                                       | -3.54%                               | 96.30%                        |

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

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

<sup>d</sup> Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS

|                                | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u>       |             |             |             |             |             |             |
| Birchwood                      |             |             |             |             |             |             |
| Square Feet                    | 24,914      | 24,914      | 24,914      | 24,914      | 24,914      | 24,914      |
| Functional Capacity (Students) | 232         | 232         | 232         | 232         | 232         | 232         |
| Enrollment                     | 371         | 375         | 370         | 360         | 362         | 353         |
| Copeland                       |             |             |             |             |             |             |
| Square Feet                    | 46,733      | 46,733      | 46,733      | 46,733      | 46,733      | 46,733      |
| Functional Capacity (Students) | 408         | 408         | 408         | 408         | 408         | 408         |
| Enrollment                     | 967         | 968         | 997         | 966         | 997         | 921         |
| C. A. Dwyer                    |             |             |             |             |             |             |
| Square Feet                    | 47,285      | 47,285      | 47,285      | 47,285      | 47,285      | 47,285      |
| Functional Capacity (Students) | 212         | 212         | 212         | 212         | 212         | 212         |
| Enrollment                     | 342         | 339         | 342         | 314         | 326         | 309         |
| Dennis B. O'Brien              |             |             |             |             |             |             |
| Square Feet                    | 29,523      | 29,523      | 29,523      | 29,523      | 29,523      | 29,523      |
| Functional Capacity (Students) | 104         | 104         | 104         | 104         | 104         | 104         |
| Enrollment                     | 369         | 360         | 350         | 335         | 340         | 347         |
| K. D. Malone                   |             |             |             |             |             |             |
| Square Feet                    | 26,990      | 26,990      | 26,990      | 26,990      | 26,990      | 26,990      |
| Functional Capacity (Students) | 216         | 216         | 216         | 216         | 216         | 216         |
| Enrollment                     | 383         | 393         | 388         | 353         | 368         | 299         |
| Stony Brook                    |             |             |             |             |             |             |
| Square Feet                    | 26,396      | 26,396      | 26,396      | 26,396      | 26,396      | 26,396      |
| Functional Capacity (Students) | 249         | 249         | 249         | 249         | 249         | 249         |
| Enrollment                     | 403         | 415         | 428         | 436         | 438         | 408         |

Number of Schools at June 30, 2010:

Elementary = 5  
Middle School = 1  
High School = 0  
Other = 0

Note: Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Rockaway Township School District Facilities Office.

Exhibit J-19

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

## Undistributed Expenditures:

Required Maintenance for School Facilities\*

11-000-261-XXX

|      | <u>Birchwood</u> | <u>Copeland<br/>Middle</u> | <u>C.A.<br/>Dwyer</u> | <u>Dennis B.<br/>O'Brien</u> | <u>K.D.<br/>Malone</u> | <u>Stony<br/>Brook</u> | <u>Total<br/>All<br/>Facilities</u> |
|------|------------------|----------------------------|-----------------------|------------------------------|------------------------|------------------------|-------------------------------------|
| 2001 | \$ 45,450        | \$ 125,042                 | \$ 63,941             | \$ 50,087                    | \$ 46,513              | \$ 40,496              | \$ 371,529                          |
| 2002 | 45,342           | 124,744                    | 63,788                | 49,967                       | 46,402                 | 40,399                 | 370,642                             |
| 2003 | 54,559           | 173,648                    | 84,319                | 54,559                       | 64,479                 | 59,519                 | 491,083                             |
| 2004 | 60,670           | 193,041                    | 93,763                | 66,185                       | 71,701                 | 66,185                 | 551,545                             |
| 2005 | 53,897           | 285,905                    | 74,702                | 54,346                       | 79,202                 | 48,964                 | 597,016                             |
| 2006 | 58,676           | 311,253                    | 81,325                | 59,164                       | 82,851                 | 53,305                 | 646,574                             |
| 2007 | 73,815           | 391,781                    | 102,758               | 74,466                       | 104,252                | 66,764                 | 813,836                             |
| 2008 | 100,103          | 436,096                    | 184,213               | 99,278                       | 151,587                | 111,942                | 1,083,219                           |
| 2009 | 103,420          | 450,547                    | 190,317               | 102,568                      | 156,610                | 115,651                | 1,119,113                           |
| 2010 | 98,841           | 281,309                    | 115,228               | 165,399                      | 150,583                | 149,096                | 960,456                             |

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

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2010  
UNAUDITED

|                                                                                       | <u>Coverage</u>        | <u>Deductible</u> |
|---------------------------------------------------------------------------------------|------------------------|-------------------|
| School Package Policy - School Alliance Insurance Fund:                               |                        |                   |
| Property - Blanket Building and Contents                                              | \$ 80,093,683          | \$ 1,000          |
| Blanket Extra Expense                                                                 | 1,000,000              |                   |
| Commercial General Liability                                                          | 5,000,000              |                   |
| Commercial Automotive Liability                                                       | 5,000,000              |                   |
| Boiler and Machinery - School Alliance Insurance Fund                                 | 80,093,683             | 10,000            |
| Umbrella Liability - School Alliance Insurance Fund                                   | 5,000,000              | 10,000            |
| Educators Legal Liability - School Alliance Insurance Fund                            | 10,000,000             | 15,000            |
| Workers' Compensation - NJ School Boards' Association<br>Insurance Group              | 2,000,000<br>Statutory |                   |
| Public Employees' Faithful Performance Blanket<br>Position Bond - Selective Insurance |                        |                   |
| Business Administrator/Board Secretary                                                | 300,000                |                   |
| Treasurer                                                                             | 300,000                |                   |

Source: Rockaway Township School District records.

**SINGLE AUDIT SECTION**

Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856-1320  
Phone: 973-328-1825  
Fax: 973-328-0507

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

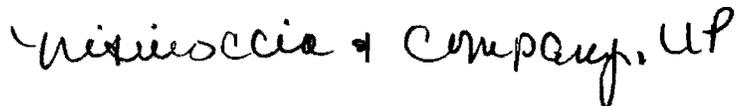
The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 2

Compliance and Other Matters

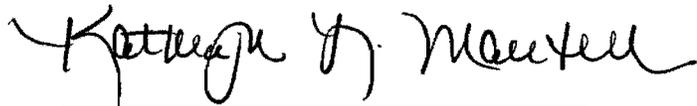
As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 11, 2010  
Mt. Arlington, New Jersey



NISIVOCCIA & COMPANY, LLP



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Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856-1320  
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Rockaway Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

October 11, 2010  
Mt. Arlington, New Jersey

*Nisivoccia & Company, LLP*

NISIVOCCIA & COMPANY, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance June 30, 2009                 |                                  |                  | Budgetary<br>Expenditures | Balance<br>June 30, 2010<br>(Budgetary<br>Accounts<br>Receivable) |
|----------------------------------------------------------------------|---------------------------|----------------------------------|-----------------|-----------------|---------------------------------------|----------------------------------|------------------|---------------------------|-------------------------------------------------------------------|
|                                                                      |                           |                                  |                 |                 | (Budgetary<br>Accounts<br>Receivable) | Budgetary<br>Deferred<br>Revenue | Cash<br>Received |                           |                                                                   |
| U.S. Department of Education:                                        |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| General Fund:                                                        |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Impact Aid                                                           | 84.041                    | N/A                              | 7/1/09-6/30/10  | \$ 389,376      |                                       |                                  | \$ 389,376       | \$ (389,376)              |                                                                   |
| State Fiscal Stabilization Fund Cluster:                             |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| ARRA - SFSF- ESF (Educ. State Grants)                                | 84.394                    | N/A                              | 7/1/09-6/30/10  | 226,804         |                                       |                                  | 226,804          | (226,804)                 |                                                                   |
| ARRA - SFSF- GSF (Government Services)                               | 84.397                    | N/A                              | 7/1/09-6/30/10  | 8,780           |                                       |                                  | 8,780            | (8,780)                   |                                                                   |
| Subtotal State Fiscal<br>Stabilization Fund Cluster                  |                           |                                  |                 |                 |                                       |                                  | 235,584          | (235,584)                 |                                                                   |
| <b>Total General Fund</b>                                            |                           |                                  |                 |                 |                                       |                                  | <b>624,960</b>   | <b>(624,960)</b>          |                                                                   |
| U.S. Department of Agriculture:                                      |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Passed-through State Department of Education:                        |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Child Nutrition Cluster:                                             |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Special Milk Program                                                 | 10.556                    | N/A                              | 7/1/08-6/30/09  | 1,180           | \$ (76)                               |                                  | 76               |                           |                                                                   |
| Special Milk Program                                                 | 10.556                    | N/A                              | 7/1/09-6/30/10  | 2,525           |                                       |                                  | 2,299            | (2,525)                   | \$ (226)                                                          |
| Federal Food Distribution Program                                    | 10.555                    | N/A                              | 7/1/09-6/30/10  | 40,608          |                                       |                                  | 40,608           | (40,608)                  |                                                                   |
| National School Lunch Program                                        | 10.555                    | N/A                              | 7/1/08-6/30/09  | 124,540         | (9,377)                               |                                  | 9,377            |                           |                                                                   |
| National School Lunch Program                                        | 10.555                    | N/A                              | 7/1/09-6/30/10  | 131,240         |                                       |                                  | 121,962          | (131,240)                 | (9,278)                                                           |
| School Breakfast Program                                             | 10.553                    | N/A                              | 7/1/09-6/30/10  | 5,224           |                                       |                                  | 4,748            | (5,224)                   | (476)                                                             |
| Subtotal Child Nutrition Cluster                                     |                           |                                  |                 |                 | (9,453)                               |                                  | 179,070          | (179,597)                 | (9,980)                                                           |
| <b>Total Enterprise Funds</b>                                        |                           |                                  |                 |                 | (9,453)                               |                                  | <b>179,070</b>   | <b>(179,597)</b>          | <b>(9,980)</b>                                                    |
| U.S. Department of Education                                         |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Passed-through State Department of Education:                        |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| NCLB Consolidated:                                                   |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                                   |
| Title I                                                              | 84.010                    | NCLB-4490-09                     | 9/1/08-8/31/09  | 89,372          | (59,852)                              |                                  | 59,852           |                           |                                                                   |
| Title II - Part A                                                    | 84.367A                   | NCLB-4490-09                     | 9/1/08-8/31/09  | 62,109          | (43,077)                              | \$ 3,474                         | 43,077           | (3,474)                   |                                                                   |
| Title II - Part D                                                    | 84.318                    | NCLB-4490-09                     | 9/1/08-8/31/09  | 743             | (53)                                  |                                  | 53               |                           |                                                                   |
| Title III                                                            | 84.162                    | NCLB-4490-09                     | 9/1/08-8/31/09  | 12,208          | (6,364)                               |                                  | 6,364            |                           |                                                                   |
| Title III - Immigrant                                                | 84.162                    | NCLB-4490-09                     | 9/1/08-8/31/09  | 12,495          | (6,497)                               | 968                              | 6,497            | (968)                     |                                                                   |
| Title IV                                                             | 84.186                    | NCLB-4490-09                     | 9/1/08-8/31/09  | 5,151           | (2,813)                               |                                  | 2,813            |                           |                                                                   |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance June 30, 2009                 |                                  | Cash<br>Received | Budgetary<br>Expenditures | Balance                                                |
|----------------------------------------------------------------------|---------------------------|----------------------------------|-----------------|-----------------|---------------------------------------|----------------------------------|------------------|---------------------------|--------------------------------------------------------|
|                                                                      |                           |                                  |                 |                 | (Budgetary<br>Accounts<br>Receivable) | Budgetary<br>Deferred<br>Revenue |                  |                           | June 30, 2010<br>(Budgetary<br>Accounts<br>Receivable) |
| U.S. Department of Education (Cont'd)                                |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                        |
| Passed-through State Department of Education (Cont'd):               |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                        |
| NCLB Consolidated (Cont'd):                                          |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                        |
| Title I                                                              | 84.010                    | NCLB-4490-10                     | 9/1/09-8/31/10  | \$ 58,390       |                                       |                                  | \$ 29,851        | \$ (37,596)               | \$ (7,745)                                             |
| Title II - Part A                                                    | 84.367A                   | NCLB-4490-10                     | 9/1/09-8/31/10  | 62,984          |                                       |                                  | 29,523           | (54,754)                  | (25,231)                                               |
| Title II - Part D                                                    | 84.318                    | NCLB-4490-10                     | 9/1/09-8/31/10  | 655             |                                       |                                  |                  | (608)                     | (608)                                                  |
| Title III                                                            | 84.162                    | NCLB-4490-10                     | 9/1/09-8/31/10  | 10,817          |                                       |                                  | 4,788            | (6,705)                   | (1,917)                                                |
| Title IV                                                             | 84.186                    | NCLB-4490-10                     | 9/1/09-8/31/10  | 4,600           |                                       |                                  |                  | (4,585)                   | (4,585)                                                |
| Special Education Cluster:                                           |                           |                                  |                 |                 |                                       |                                  |                  |                           |                                                        |
| I.D.E.A. Part B, Basic                                               | 84.027                    | IDEA-4490-09                     | 9/1/08-8/31/09  | 578,977         | \$ (242,811)                          |                                  | 242,811          |                           |                                                        |
| I.D.E.A. Part B, Basic                                               | 84.027                    | IDEA-4490-10                     | 9/1/09-8/31/10  | 576,725         |                                       |                                  | 413,675          | (576,725)                 | (163,050)                                              |
| I.D.E.A. Part B, Preschool                                           | 84.173                    | IDEA-4490-10                     | 9/1/09-8/31/10  | 31,242          |                                       |                                  | 31,242           | (31,242)                  |                                                        |
| ARRA - I.D.E.A. Part B, Basic                                        | 84.391                    | ARRA-4490-11                     | 7/1/09-8/31/11  | 577,056         |                                       |                                  | 526,606          | (563,782)                 | (37,176)                                               |
| ARRA - I.D.E.A. Part B, Preschool                                    | 84.392                    | ARRA-4490-11                     | 7/1/09-8/31/11  | 20,860          |                                       |                                  | 18,694           | (18,852)                  | (158)                                                  |
| Subtotal Special Education Cluster                                   |                           |                                  |                 |                 | (242,811)                             |                                  | 1,233,028        | (1,190,601)               | (200,384)                                              |
| Total Special Revenue Fund                                           |                           |                                  |                 |                 | (361,467)                             | \$ 4,442                         | 1,415,846        | (1,299,291)               | (240,470)                                              |
| Total Federal Awards                                                 |                           |                                  |                 |                 | \$ (370,920)                          | \$ 4,442                         | \$ 2,219,876     | \$ (2,103,848)            | \$ (250,450)                                           |

N/A - Not applicable/available.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| State Grantor/Program Title                          | Grant or State Project Number | Grant Period   | Award Amount | Balance at June 30, 2009      |                |                  | Paid to Grantor    | Balance at June 30, 2010 |                          | MEMO           |                               |
|------------------------------------------------------|-------------------------------|----------------|--------------|-------------------------------|----------------|------------------|--------------------|--------------------------|--------------------------|----------------|-------------------------------|
|                                                      |                               |                |              | Budgetary Accounts Receivable | Due to Grantor | Cash Received    |                    | Budgetary Expenditures   | GAAP Accounts Receivable | Due to Grantor | Budgetary Accounts Receivable |
| <b>New Jersey Department of Education</b>            |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| <b>General Fund:</b>                                 |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| <b>Special Education</b>                             |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| Categorical Aid                                      | 09-495-034-5120-089           | 7/1/08-6/30/09 | \$ 1,497,665 | \$ 139,028                    |                | \$ 139,028       |                    |                          |                          |                | \$ 1,497,665                  |
| Equalization Aid                                     | 09-495-034-5120-078           | 7/1/08-6/30/09 | 1,351,397    | 125,452                       |                | 125,452          |                    |                          |                          |                | 1,351,397                     |
| Categorical Security Aid                             | 09-495-034-5120-084           | 7/1/08-6/30/09 | 214,151      | 19,879                        |                | 19,879           |                    |                          |                          |                | 214,151                       |
| Categorical Transportation Aid                       | 09-495-034-5120-014           | 7/1/08-6/30/09 | 431,905      | 40,094                        |                | 40,094           |                    |                          |                          |                | 431,905                       |
| <b>Extraordinary Aid</b>                             |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| - Special Education                                  | 09-495-034-5120-473           | 7/1/08-6/30/09 | 636,725      | 636,725                       |                | 636,725          |                    |                          |                          |                | 636,725                       |
| Nonpublic Transportation Aid                         | Not Available                 | 7/1/08-6/30/09 | 12,876       | 12,876                        |                | 12,876           |                    |                          |                          |                | 12,876                        |
| <b>Special Education</b>                             |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| Categorical Aid                                      | 10-495-034-5120-089           | 7/1/09-6/30/10 | 1,520,810    |                               |                | 1,342,113        | \$ (1,520,810)     |                          |                          | \$ 178,697     | 1,520,810                     |
| Equalization Aid                                     | 10-495-034-5120-078           | 7/1/09-6/30/10 | 1,007,368    |                               |                | 889,001          | (1,007,368)        |                          |                          | 118,367        | 1,007,368                     |
| Categorical Security Aid                             | 10-495-034-5120-084           | 7/1/09-6/30/10 | 145,033      |                               |                | 127,992          | (145,033)          |                          |                          | 17,041         | 145,033                       |
| Categorical Transportation Aid                       | 10-495-034-5120-014           | 7/1/09-6/30/10 | 426,005      |                               |                | 375,949          | (426,005)          |                          |                          | 50,056         | 426,005                       |
| <b>Extraordinary Aid</b>                             |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| - Special Education                                  | 10-495-034-5120-473           | 7/1/09-6/30/10 | 502,964      |                               |                |                  | (502,964)          | \$ 502,964               |                          | 502,964        | 502,964                       |
| Nonpublic Transportation Aid                         | Not Available                 | 7/1/09-6/30/10 | 14,724       |                               |                |                  | (14,724)           | 14,724                   |                          | 14,724         | 14,724                        |
| <b>Reimbursed TPAF Social Security Contributions</b> |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
|                                                      | 10-495-034-5095-002           | 7/1/09-6/30/10 | 1,632,849    |                               |                | 1,550,701        | (1,632,849)        | 82,148                   |                          | 82,148         | 1,632,849                     |
| <b>Total General Fund State Aid</b>                  |                               |                |              | <b>974,054</b>                |                | <b>5,259,810</b> | <b>(5,249,753)</b> | <b>599,836</b>           |                          | <b>963,997</b> | <b>9,394,472</b>              |
| <b>Special Revenue Fund:</b>                         |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| Character Education Aid                              | 06-495-034-5120-053           | 9/1/05-6/30/06 | 7,564        |                               | \$ 1,200       |                  |                    |                          | \$ 1,200                 |                | 6,364                         |
| <b>New Jersey Nonpublic Aid:</b>                     |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| <b>Handicapped Services:</b>                         |                               |                |              |                               |                |                  |                    |                          |                          |                |                               |
| Corrective Speech                                    | 09-100-034-5120-068           | 9/1/08-8/31/09 | 2,256        |                               | 2,256          |                  | \$ 2,256           |                          |                          |                |                               |
| <b>Total Special Revenue Fund</b>                    |                               |                |              |                               | <b>3,456</b>   |                  |                    | <b>2,256</b>             |                          | <b>1,200</b>   | <b>6,364</b>                  |

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| State Grantor/Program Title    | Grant or State Project Number | Grant Period   | Award Amount | Balance at June 30, 2009      |                |               | Paid to Grantor | Balance at June 30, 2010 |                          | MEMO           |                               |                               |
|--------------------------------|-------------------------------|----------------|--------------|-------------------------------|----------------|---------------|-----------------|--------------------------|--------------------------|----------------|-------------------------------|-------------------------------|
|                                |                               |                |              | Budgetary Accounts Receivable | Due to Grantor | Cash Received |                 | Budgetary Expenditures   | GAAP Accounts Receivable | Due to Grantor | Budgetary Accounts Receivable | Cumulative Total Expenditures |
| <b>Debt Service Fund:</b>      |                               |                |              |                               |                |               |                 |                          |                          |                |                               |                               |
| Debt Service Aid Type II       | 10-495-034-5120-017           | 7/1/09-6/30/10 | \$ 191,276   |                               |                | \$ 191,276    | \$ (191,276)    |                          |                          |                | \$ 191,276                    |                               |
| <b>Total Debt Service Fund</b> |                               |                |              |                               | 191,276        | (191,276)     |                 |                          |                          |                | 191,276                       |                               |
| <b>Enterprise Fund</b>         |                               |                |              |                               |                |               |                 |                          |                          |                |                               |                               |
| State School Lunch Program     | 09-100-010-3350-023           | 9/1/08-6/30/09 | 10,131       | \$ 761                        |                | \$ 761        |                 |                          |                          |                | 10,131                        |                               |
| State School Lunch Program     | 10-100-010-3350-023           | 9/1/09-6/30/10 | 9,839        |                               |                | 9,158         | (9,839)         | \$ 681                   |                          | \$ 681         | 9,839                         |                               |
| State School Breakfast Program | 10-100-010-3350-021           | 9/1/09-6/30/10 | 421          |                               |                | 383           | (421)           | 38                       |                          | 38             | 421                           |                               |
| <b>Total Enterprise Fund</b>   |                               |                |              | 761                           |                | 10,302        | (10,260)        | 719                      |                          | 719            | 20,391                        |                               |
| <b>Total State Awards</b>      |                               |                |              | \$ 974,815                    | \$ 3,456       | \$ 5,461,388  | \$ (5,451,289)  | \$ 2,256                 | \$ 600,555               | \$ 1,200       | \$ 964,716                    | \$ 9,612,503                  |

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state award activities of the Board of Education, Rockaway Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$39,708) for the General Fund and (\$4,334) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and Post Retirement Medical contributions paid by the State on behalf of the District of \$71,850 and \$1,349,439, respectively.

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

|                                             | <u>Federal</u>      | <u>State</u>        | <u>Total</u>        |
|---------------------------------------------|---------------------|---------------------|---------------------|
| General Fund                                | \$ 624,960          | \$ 6,631,334        | \$ 7,256,294        |
| Special Revenue Fund                        | 1,294,957           |                     | 1,294,957           |
| Debt Service Fund                           |                     | 191,276             | 191,276             |
| Proprietary Funds - Food Service Enterprise | 179,597             | 10,260              | 189,857             |
| Total Awards                                | <u>\$ 2,099,514</u> | <u>\$ 6,832,870</u> | <u>\$ 8,932,384</u> |

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Summary of Auditors' Results:**

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major programs for the current fiscal year consisted of the following federal and state awards:

|                                                 | <u>Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|-------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| <b>Federal:</b>                                 |                     |                     |                     |                               |
| <b>State Fiscal Stabilization Fund Cluster:</b> |                     |                     |                     |                               |
| ARRA - Educational State Fund                   | 84.394              | 7/1/09-6/30/10      | \$ 226,804          | \$ 226,804                    |
| ARRA - Government Services Fund                 | 84.397              | 7/1/09-6/30/10      | 8,780               | 8,780                         |
| Impact Aid                                      | 84.041              | 7/1/09-6/30/10      | 389,376             | 389,376                       |
| <b>Special Education Cluster:</b>               |                     |                     |                     |                               |
| I.D.E.A. Part B, Basic                          | 84.027              | 9/1/09-8/31/10      | 576,725             | 576,725                       |
| I.D.E.A. Part B, Preschool                      | 84.173              | 9/1/09-8/31/10      | 31,242              | 31,242                        |
| ARRA - I.D.E.A. Part B, Basic                   | 84.391              | 7/1/09-8/31/11      | 577,056             | 563,782                       |
| ARRA - I.D.E.A. Part B, Preschool               | 84.392              | 7/1/09-8/31/11      | 20,860              | 18,852                        |
| <b>State:</b>                                   |                     |                     |                     |                               |
| Special Education Categorical Aid               | 10-495-034-5120-089 | 7/1/09-6/30/10      | 1,520,810           | 1,520,810                     |
| Equalization Aid                                | 10-495-034-5120-078 | 7/1/09-6/30/10      | 1,007,368           | 1,007,368                     |
| Categorical Security Aid                        | 10-495-034-5120-084 | 7/1/09-6/30/10      | 145,033             | 145,033                       |
| Categorical Transportation Aid                  | 10-495-034-5120-014 | 7/1/09-6/30/10      | 426,005             | 426,005                       |
| Extraordinary Aid                               | 10-495-034-5120-473 | 7/1/09-6/30/10      | 502,964             | 502,964                       |

- The threshold for distinguishing Type A and Type B federal and state programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any finding or questioned costs for federal awards as defined in section 510(a) of the federal circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular and NJ OMB 04-04.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

There were no prior year findings.