

RED BANK SCHOOL DISTRICT
RED BANK, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | Page |
|--------------------------|------|
| Letter of Transmittal | 1 |
| Organizational Chart | 2 |
| Roster of Officials | 3 |
| Consultants and Advisors | 4 |

FINANCIAL SECTION

| | |
|---|------|
| Independent Auditor's Report on General Purpose Financial Statements | 5-7 |
| Required Supplementary Information - Part I Management's Discussion and Analysis | 8-19 |

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements

| | |
|-----------------------------|----|
| A-1 Statement of Net Assets | 20 |
| A-2 Statement of Activities | 21 |

B. Fund Financial Statements

Governmental Funds:

| | |
|--|----|
| B-1 Balance Sheet | 22 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balance | 23 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |

Proprietary Fund:

| | |
|---|----|
| B-4 Statement of Fund Net Assets | 25 |
| B-5 Statement of Revenues, Expenditures and Changes in Fund Net Assets | 26 |
| B-6 Statement of Cash Flows | 27 |

Fiduciary Funds:

| | |
|--|-----|
| B-7 Statement of Fiduciary Net Assets | 28 |
| B-8 Statement of Changes in Fiduciary Net Assets | N/A |

| | |
|---|-------|
| Notes to the Basic Financial Statements | 29-58 |
|---|-------|

Required Supplementary Information - Part II

TABLE OF CONTENTS

FINANCIAL SECTION (continued)

BASIC FINANCIAL STATEMENTS (continued)

| | | Page |
|------|---|-------|
| C. | Budgetary Comparison Schedules | |
| C-1 | Budgetary Comparison Schedule - General Fund | 59-63 |
| C-1a | Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | N/A |
| C-2 | Budgetary Comparison Schedule - Special Revenue Fund | 64 |
| | Notes to the Required Supplementary Information | |
| C-3 | Budget-to-GAAP Reconciliation | 65 |
| | Other Supplementary Information | |
| D. | School Level Schedules | |
| D-1 | Combining Balance Sheet | N/A |
| D-2 | Blended Resource Fund - Schedule of Expenditures Allocated By Resource Type - Actual | N/A |
| D-3 | Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual | N/A |
| E. | Special Revenue Fund | |
| E-1 | Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis | 66-70 |
| E-2 | Schedule of Demonstrably Effective Program Aid - Budgetary Basis | 71 |
| E-3 | Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis | N/A |
| E-4 | Statement of Distance Learning Network Aid - Budgetary Basis | N/A |
| E-5 | Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis | N/A |
| E-6 | Schedule of Targeted At-Risk (TARA) Aid - Budgetary Basis | N/A |
| F. | Capital Projects Fund: | |
| F-1 | Summary Statement of Project Expenditures | 72 |
| F-2 | Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis | 73 |
| F-2a | Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis | 74 |

TABLE OF CONTENTS

FINANCIAL SECTION (continued)

BASIC FINANCIAL STATEMENTS (continued)

| | Page |
|---|------|
| G. Proprietary Funds: | |
| Enterprise Fund: | |
| G-1 Combining Statement of Net Assets | N/A |
| G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets | N/A |
| G-3 Combining Schedule of Cash Flows | N/A |
| Internal Service Fund: | |
| G-4 Combining Statement of Net Assets | N/A |
| G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets | N/A |
| G-6 Combining Schedule of Cash Flows | N/A |
| H. Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Assets | 75 |
| H-2 Combining Schedule of Revenues, Expenses and Changes in Fiduciary Net Assets | N/A |
| H-3 Student Activity Fund Schedule of Receipts and Disbursements | 76 |
| H-4 Payroll Agency Fund Schedule of Receipts and Disbursements | 77 |
| I. Long-Term Debt: | |
| I-1 Schedule of Serial Bonds | 78 |
| I-2 Schedule of Obligations Under Capital Leases | N/A |
| I-3 Debt Service Fund Budgetary Comparison Schedule | 79 |
| I-4 Statement of Loans Payable - N.J.E.D.A. | 80 |

TABLE OF CONTENTS

| J. | STATISTICAL SECTION | Page |
|------|---|-------|
| | Financial Trends Information/Schedules: | |
| J-1 | Net Assets By Component | 81 |
| J-2 | Changes in Net Assets | 82-83 |
| J-3 | Fund Balances, Governmental Funds | 84 |
| J-4 | Changes in Fund Balances, Governmental Funds | 85 |
| J-5 | General Fund - Other Local Revenue by Source | 86 |
| | Revenue Capacity Information: | |
| J-6 | Assessed Value and Actual Value of Taxable Property | 87 |
| J-7 | Direct and Overlapping Property Tax Rates | 88 |
| J-8 | Principal Property Taxpayers | 89 |
| J-9 | Property Tax Levies and Collections | 90 |
| | Debt Capacity Information: | |
| J-10 | Ratio of Outstanding Debt By Type | 91 |
| J-11 | Ratios of Net General Bonded Debt Outstanding | 92 |
| J-12 | Direct and Overlapping Governmental Activities Debt | 93 |
| J-13 | Legal Debt Margin Information | 94 |
| | Demographic and Economic Information: | |
| J-14 | Demographic and Economic Statistics | 95 |
| J-15 | Principal Employers | 96 |
| | Operating Information: | |
| J-16 | Full-Time Equivalent District Employees By Function/Program | 97 |
| J-17 | Operating Statistics | 98 |
| J-18 | School Building Information | 99 |
| J-19 | Schedule of Required Maintenance | 100 |
| J-20 | Insurance Schedule | 101 |

TABLE OF CONTENTS

K. SINGLE AUDIT SECTION

| | | |
|-----|---|---------|
| K-1 | Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 102-103 |
| K-2 | Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 | 104-106 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A | 107 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B | 108 |
| K-5 | Notes to Schedules of Awards and Financial Assistance | 109-110 |
| K-6 | Schedule of Findings and Questioned Costs | |
| | Part 1 - Summary of Auditor's Results | 111-112 |
| | Part 2 - Schedule of Financial Statement Findings | 113 |
| | Part 3 - Schedule of Federal and State Award Findings and Questioned Costs | 114 |
| K-7 | Summary Schedule of Prior-Year Audit Findings | 115 |

INTRODUCTORY SECTION

*Red Bank Borough Schools
76 Branch Avenue
Red Bank, New Jersey 07701
732-758-1507*

September 30, 2011

Honorable President and Members
Red Bank Borough Board of Education
County of Monmouth
Red Bank, New Jersey 07701

Honorable President and Board Members:

The comprehensive annual financial report of the Red Bank Borough School District ("District") for the fiscal year ended June 30, 2011 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 Red Bank Borough Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,

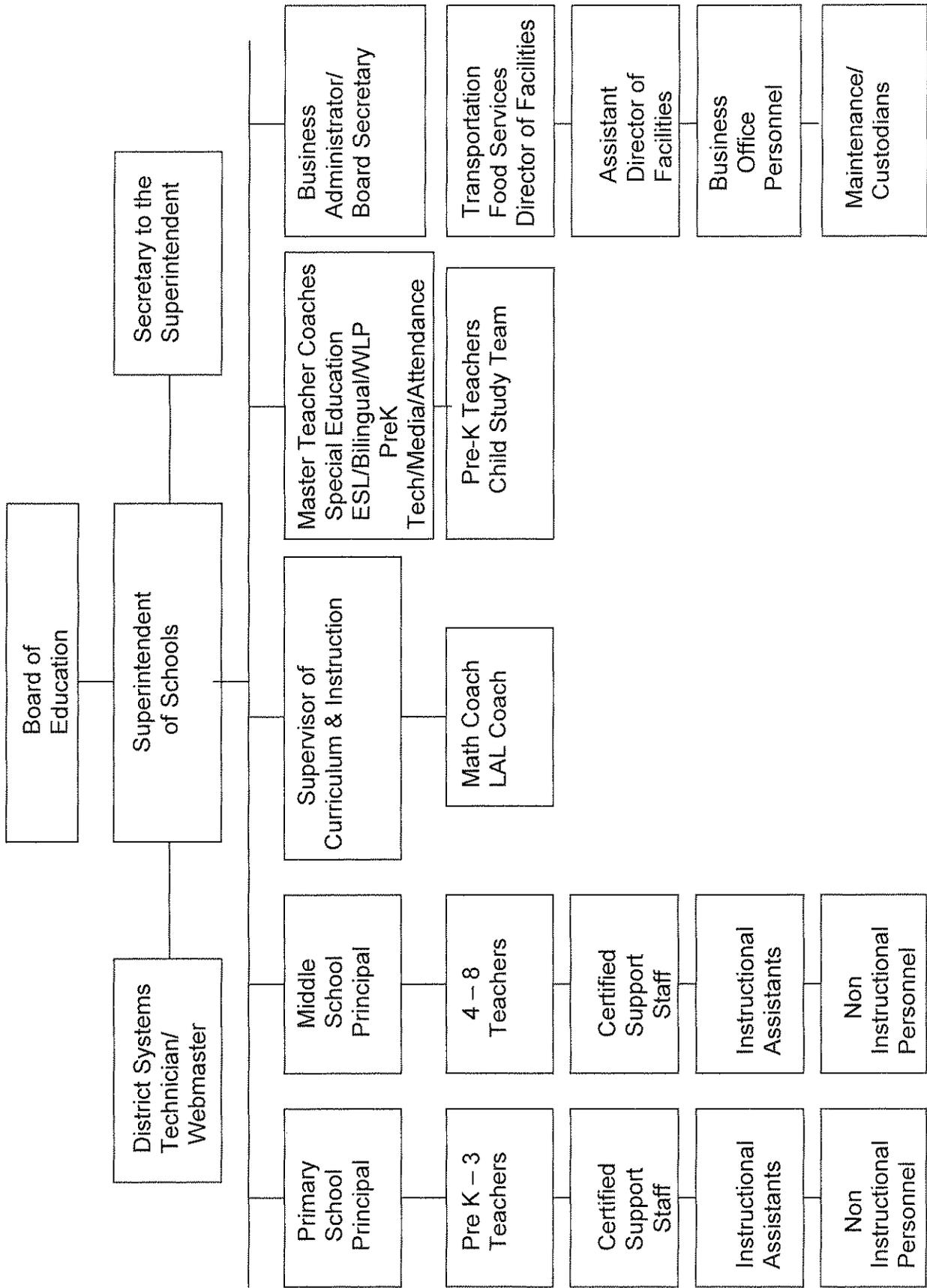


Laura C. Morana
Superintendent of Schools



Anne Darrow
Business Administrator/Board Secretary

OFFICE OF THE SUPERINTENDENT
 RED BANK BOROUGH PUBLIC SCHOOLS
 RED BANK, NEW JERSEY



RED BANK BOARD OF EDUCATION
RED BANK, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Ann Roseman President | 2012 |
| Ben Forest, Vice President | 2013 |
| Grace Costa | 2012 |
| Carrie Ludwikowski | 2012 |
| Marjorie Lowe | 2013 |
| Suzanne Viscomi | 2013 |
| Janet Jones | 2014 |
| Peter Noble | 2014 |
| Allen Palma | 2014 |

Other Officials

Laura C. Morana, Superintendent of Schools

Anne Darrow, School Business Administrator/Board Secretary

Frank Mason, Treasurer

Richard McOmer, Esq., School Attorney

RED BANK BOARD OF EDUCATION
RED BANK, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2011

Auditor/Audit Firm

Robert W. Allison, CPA, RMA
Hutchins, Farrell, Meyer & Allison, P.A.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

Attorney

Richard McOmber, Esq.
McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

Bond & Special Counsel

Philip A. Norcross, Esq.
Parker McCay & Criscuolo, P.A.
Three Greentree Centre
Route 73 and Greentree Road
Marlton, New Jersey 08053

Official Depositories

PNC Bank (primary depository)
Bank of America
Bank of New York
TD Bank
JP Morgan Chase
State of New Jersey Cash Management Fund

FINANCIAL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

912 Highway 33 • Suite 2
Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Red Bank School District, in the County of Monmouth, State of New Jersey as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Red Bank 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 and 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 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Red Bank Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey
Page 2

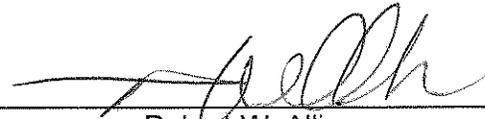
In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2011 on our consideration of the Red Bank Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 8 through 19 and 59 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted to inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red Bank Board of Education's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are also not a required part of the basic financial statements. The Combining and Individual Fund Financial Statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

Honorable President and Members
of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey
Page 3

prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

September 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

RED BANK BOROUGH BOARD OF EDUCATION
76 BRANCH AVENUE, RED BANK, NJ 07701

MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Introduction

Red Bank Borough School District ("District") is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels PreKindergarten through 8. These include general and special education instruction for handicapped youngsters. The District completed the 2010/11 school year with an average daily enrollment of 998 students, an increase of 0% over the prior year's average daily enrollment. An additional 10 District students were in private out-of-district special education placements. The Red Bank Charter School, also operating in Red Bank, had an enrollment of 174.2 Red Bank resident students at the end of June, 2011. Additional Red Bank residents attended various non-public elementary schools throughout the County.

District schools, while located in an affluent area of Monmouth County, New Jersey, are classified as district factor group "CD." The district factor group is a measure of local wealth and student economics on a scale of "A" (lowest) to "J" (highest), with Red Bank's classification influenced by the high percentage of low-income students as measured by student eligibility for free or reduced-price school meals. Within the past five years, the District's school population has continued to increase its Hispanic majority, most evident in the District's Primary School.

The District continues its staff development and curriculum improvement initiatives, and in 2010/11 continued a curriculum alignment process that ensures focused instruction in grades preschool-8. Academic outcomes have shown improvements attributed, in part, to the success of alignment of standards, curriculum planning.

With the learner as the focus, at the heart of staff development is continuation of a data-driven, comprehensive, and on-going professional development program that targets content, strategies, assessment, and skills identified to be in need of attention.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the Red Bank Borough School District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly-held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service funds. This disclosure has been expanded by the addition of the Statement of Net Assets and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another feature is supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Assets presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net assets represent the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net assets and how they have changed year to year, reflecting a variety of influences such as the current change in educational philosophy (resulting in increased purchases of new materials, consultants, etc.), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received.

On 2010/11, the District received \$1,762,309.00 in State Aid. We were obligated to transfer \$1,690,504.00 to the Red Bank Charter School for their 174 students. If you compare the amount of State Aid that we received, and the amount of funds transferred to the Charter School, clearly the difference of \$71,805.00 creates a fiscal challenge for the District.

Financial Highlights

Key financial highlights for 2011 are as follows:

- General revenues accounted for \$20,595,100.69 in revenue or 96.91% of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions, accounted for \$656,152.90 or 3.09% of total revenues of \$21,251,253.59.
- Total net assets of governmental activities increased by \$56,521.87.
- The School District had \$21,158,375.69 in expenses; only \$656,152.90 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$20,595,100.69 were adequate to provide for these programs.
- The School District had \$20,623,653.02 in General, Special Revenue and Debt Service Fund expenses. Tax levies, state and federal aid, selected grants, and miscellaneous income covered these costs. Of the District's total expenditures in 2010/11, 61.93% was funded by local revenue, with \$12,039,451.00 in local taxes levied for the General Fund and another \$578,280.00 levied for debt service.
- Of the 2010/11 General Fund expenditures, \$1,690,504.00 represented a transfer to the Red Bank Charter School.
- The State contributed Categorical Aid in the amount of \$4,297.91 for transportation.
- The General Fund had \$14,890,317.30 in revenues and \$14,772,170.22 in expenditures. The General Fund's balance increased by \$118,147.08 over 2009/10.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011 compared to June 30, 2010.

Table 1

Net Assets

| | <u>2011</u> | <u>2010</u> |
|--|------------------------|------------------------|
| Assets: | | |
| Cash and Cash Equivalents | \$ 144,812.75 | \$ 250,224.18 |
| Receivables, Net | 1,605,648.84 | 1,566,070.07 |
| Inventory | 7,311.96 | 13,372.98 |
| Interfunds Receivable | 126,718.00 | |
| Other | 11,360.40 | |
| Restricted Assets: | | |
| Bond Issuance Costs, Net | 50,177.21 | 55,194.93 |
| Capital Assets, Net | <u>15,078,123.62</u> | <u>15,455,217.76</u> |
| Total Assets | <u>17,024,152.78</u> | <u>17,340,079.92</u> |
| Liabilities: | | |
| Accounts Payable | 279,292.02 | 173,124.94 |
| Interfund Payable | 125,000.00 | 125,000.00 |
| Accrued Expenses | 16,550.36 | 18,266.27 |
| Intergovernmental Payable | | 78,204.00 |
| Cash Deficit | 21,154.00 | |
| Deferred Revenue | 539,141.53 | 581,503.53 |
| Noncurrent Liabilities: | | |
| Due Within One Year | 385,050.53 | 393,969.38 |
| Due Beyond One Year | <u>3,823,557.33</u> | <u>4,238,482.69</u> |
| Total Liabilities | <u>5,189,745.77</u> | <u>5,608,550.81</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 10,936,047.01 | 10,897,056.69 |
| Restricted for: | | |
| Capital Projects | 119,625.83 | 119,550.89 |
| Debt Service | | (13,558.28) |
| General Fund | 274,405.53 | |
| Other Purposes | 99,188.89 | 502,034.75 |
| Unrestricted | <u>395,139.75</u> | <u>226,445.06</u> |
| Total Net Assets | <u>\$11,824,407.01</u> | <u>\$11,731,529.11</u> |

Fiscal year ending June 30, 2011, is the seventh year of Red Bank Borough Board of Education's GASB 34 requirements.

Table 2

Changes in Net Assets

| | <u>2011</u> | <u>2010</u> |
|--|----------------------|--------------------------|
| <u>Revenues</u> | | |
| Program Revenues: | | |
| Charges for Services | \$ 170,044.91 | \$ 228,777.18 |
| Operating Grants and Contributions | 486,107.99 | 514,595.90 |
| General Revenues: | | |
| Property Taxes | 12,617,731.00 | 12,127,552.00 |
| Grants and Entitlements | 7,864,191.59 | 6,943,261.79 |
| Other | <u>113,178.10</u> | <u>110,994.13</u> |
| Total Revenues | <u>21,251,253.59</u> | <u>19,925,181.00</u> |
| <u>Program Expenses</u> | | |
| Instruction | 10,557,371.75 | 10,905,264.85 |
| Support Services: | | |
| Pupils and Instructional Staff | 5,145,146.33 | 4,306,530.97 |
| General Administration, School Administration, Business Operations and Maintenance of Facilities | 2,108,618.13 | 2,496,919.12 |
| Pupil Transportation | 909,803.40 | 879,177.62 |
| Special Schools | 7,000.00 | 53,457.57 |
| Transfer To Charter School | 1,690,504.00 | 1,799,071.00 |
| Food Service | 575,617.07 | 515,170.42 |
| Other | <u>164,315.01</u> | <u>191,453.85</u> |
| Total Expenses | <u>21,158,375.69</u> | <u>21,147,045.40</u> |
| Increase/(Decrease) in Net Assets | <u>\$ 92,877.90</u> | <u>\$ (1,221,864.40)</u> |

Governmental Activities

Traditionally, on the third Tuesday in April, the voters of New Jersey get an opportunity to voice their pleasure or displeasure on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process. This year, due to religious holidays, the school election was held on the fourth Wednesday in April. Voter displeasure and a defeated budget customarily results in fiscal reductions developed and voted on by the respective school district's municipal leadership. These decisions can be either rationally determined or arbitrary and capricious, depending on the mood of the elected and the electorate. The District has been fortunate to have the last five budgets supported by our community.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
 Governmental Activities

| | <u>2011</u> | | <u>2010</u> | |
|---|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
| Instruction | \$ 10,557,371.75 | \$ 10,516,568.61 | \$ 10,905,264.85 | \$ 10,802,950.71 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 5,145,146.33 | 5,145,146.33 | 4,306,530.97 | 4,306,530.97 |
| General Administration, School Administration, Business | 523,418.90 | 523,418.90 | 1,188,081.55 | 1,188,081.55 |
| Operation and Maintenance of Facilities | 1,585,199.23 | 1,585,199.23 | 1,308,837.57 | 1,308,837.57 |
| Pupil Transportation | 909,803.40 | 906,204.40 | 879,177.62 | 819,386.62 |
| Special Schools | 7,000.00 | 7,000.00 | 53,457.57 | 53,457.57 |
| Transfer To Charter School | 1,690,504.00 | 1,690,504.00 | 1,799,071.00 | 1,799,071.00 |
| Other | <u>164,315.01</u> | <u>164,315.01</u> | <u>191,453.85</u> | <u>191,453.85</u> |
| | <u>\$ 20,582,758.62</u> | <u>20,538,356.48</u> | <u>\$ 20,631,874.98</u> | <u>20,469,769.84</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil and these expenses are increasing due to changes in contractual obligations and changes in staff related to inclusion of special education and English language learners.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils including curriculum and staff development. Curriculum and staff development include expenses associated with research, planning, development and evaluation of educational materials and methodology intended to provide "Quality Learning by All...Whatever It Takes."

General administration, school administration and business include expenses associated with administrative and financial supervision of the District including various types of insurance coverage, professional fees for architects, attorneys and auditors, mandated membership in the New Jersey School Boards Association and other expenses.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment operating efficiently and effectively. The District's in-house staff of custodians and maintenance workers is charged with keeping the District's facilities functioning at peak efficiency at least cost.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law. In the Borough of Red Bank, this includes extensive busing for District students, Board of Education schools, the Charter Schools and also for those students attending out-of-district schools by either school or parent designation.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the District.

Other includes unallocated depreciation.

The School District's Funds

Information about the School District's major funds starts on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,639,280.49 and expenditures of \$20,623,653.02.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior-year revenues.

Red Bank Borough Board of Education
Management Discussion and Analysis Report - Unaudited
June 30, 2011

| <u>Revenues</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) From 2009/10</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------|----------------------|-------------------------|--|--|
| Local Sources | \$12,771,490 | 61.88% | \$ 431,053 | 3.49% |
| State Sources | 5,519,358 | 26.74 | 852,991 | 18.28 |
| Federal Sources | <u>2,348,432</u> | <u>11.38</u> | <u>11,746</u> | 0.50 |
| Total | <u>\$ 20,639,280</u> | <u>100.00%</u> | <u>\$ 1,295,790</u> | <u>6.70%</u> |

The increase in Local Sources is attributed to an increase in the local Tax Levy, local grants and private donations.

The increase in State Sources is attributed to discretionary Pre-School Expansion grant increase and discretionary CHIPRA grant.

The increase in Federal Sources is attributed to an increase in SEMI reimbursement and IDEA funding.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2011:

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) From 2009/10</u> | <u>Percent of Increase/ (Decrease)</u> |
|--|----------------------|-------------------------|--|--|
| Current Expense: | | | | |
| Instruction | \$ 7,153,093 | 34.68% | \$ (441,074) | (5.81)% |
| Undistributed Expenditures & Special Schools | 11,074,148 | 53.70 | 477,159 | 4.50 |
| Transfer To Charter School | 1,690,504 | 8.20 | (108,567) | (6.03) |
| Capital Outlay | 128,811 | 0.62 | (228,253) | (63.92) |
| Debt Service: | | | | |
| Principal | 387,569 | 1.88 | 16,028 | 4.31 |
| Interest | <u>189,528</u> | <u>0.92</u> | <u>(12,796)</u> | (6.32) |
| Total | <u>\$ 20,623,653</u> | <u>100.00%</u> | <u>\$ (297,503)</u> | <u>(1.42)%</u> |

The decrease in Instruction is attributed to the elimination of field trips, one time text book adoption in 2009-10 and other instructional materials.

The increase in Undistributed Expenditures is attributed to increased additional student supports needed for compliance with student IEP, administration supplies, and information technology.

The decrease in Capital Outlay is attributed to an improvement project in 2009-10 that addressed drainage and asphalt repairs at the Primary School.

The increase in Debt Service principal and decrease in interest is based on the amortization schedule.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey legislative code and Department of Education guidelines and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2010/11 year, the District amended its General Fund budget based on Superintendent recommendation and Board of Education approval based on changes unanticipated during the preparation of the budget in the first quarter of 2011. The District manages its financial reporting of budgets and actual expenses using a real-time accounting system designed to provide comprehensive management and reporting tools. Many of the budgetary changes required during 2010/11 were the result of needs not able to be anticipated at the point of budget development.

During fiscal year 2010/11, final budgetary areas in the General Fund that exceeded the original budget included Charter School transfer payments, improvement of instruction services, support services, equipment, and construction. These budgetary overages were offset by reductions in other areas such as regular program instruction, special education, operation and maintenance of plant, and transportation services, where expenses were running under the budgeted amount.

Capital Assets

At the end of the fiscal year 2011, the District had \$15,038,351.00 in investments in Land, Construction in Progress, Site Improvements, Buildings and Buildings Improvements, and Machinery and Equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---------------------------|-------------------------|-------------------------|
| Land | \$ 3,514,100.00 | \$ 3,514,100.00 |
| Site Improvements | 377,260.00 | 386,863.00 |
| Building and Improvements | 10,883,709.00 | 11,231,642.00 |
| Machinery and Equipment | <u>263,282.00</u> | <u>275,394.00</u> |
| Total | <u>\$ 15,038,351.00</u> | <u>\$ 15,407,999.00</u> |

Overall capital assets decreased minimally from fiscal year 2010 to fiscal year 2011 as the Middle School renovation was virtually completed. The renovation was an \$11.275 million project of which 40% was funded by the state through the New Jersey Economic Development Authority, with the balance bonded following a public referendum. Increases in Capital Assets were offset by depreciation expense for the year.

The District's curriculum continued to emphasize the use of technology in education during 2010/11. The District continues as a Non-Abbott pilot District for the Preschool Expansion Initiative through the award of a competitive grant. This allows us to provide full-day preschool education to our students.

Debt Administration

On July 1, 2005, the Red Bank Borough Board of Education refinanced its 5.15% fixed rate 20-year serial bond for the Middle School renovation.

Table 5
 Outstanding Debt at June 30,

| | <u>2011</u> | <u>2010</u> |
|------------------------------|------------------------|------------------------|
| 2005 Refunding Bonds | \$ 3,880,000.00 | \$ 4,230,000.00 |
| 1993 Renovation NJEDA Bond | 119,501.20 | 157,070.58 |
| Compensated Absences Payable | <u>76,531.25</u> | <u>74,291.00</u> |
| Total | <u>\$ 4,076,032.45</u> | <u>\$ 4,461,361.58</u> |

At June 30, 2011, the School District's overall legal debt margin was \$205,397,595.00.

Current Financial Issues and Concerns

As of June 30, 2011, the Red Bank Borough School District has several serious financial concerns. We continue to be concerned about the financial burden that is created through funding a charter school in such a small community. Unanticipated Special Education costs and services have increased considerably. The economic condition has resulted in an increase in District-responsible homeless students enrolled in District, as well as enrolled in local public and non-public schools. We continue to strive to "do more with less", and the aggressive submission of grants to support the District continues to be a priority. The design of a prudent budget that is based on a zero-based model, coupled with receiving funds through an aggressive grant submission process, the Red Bank Borough School District continues to focus on the enhancement of student learning.

The Board and District administrators continue to pursue all possible avenues and options as aggressively as possible. The Superintendent has secured funding through grants and donations. Further cost savings through shared resources with a neighboring district that includes staff, curriculum writing and professional development that supplement and support the District's students are also in place.

An additional area of concern is the need for increased maintenance and probable renovations at the District's Primary School. Constructed in the early seventies, this building is situated on ecologically-sensitive property on the west side of the Borough. The Borough-owned access roadway has limitations that pose safety concerns, and the main entryway to the building is obscured, allowing no clear view of the building's exterior for student safety purposes. The Board is working with the Borough to address some of the issues of safety through Borough grants; however, exploring the work is at the very preliminary stages. Budgeting for these projects will be a financial challenge.

The Red Bank Educational Foundation ("Foundation") has been re-established and its mission is to enhance the Primary School grounds as an ecological education center. The work of the Foundation will include establishing outdoor educational areas that promote hands-on environmental activities.

In general, the Red Bank Borough Board of Education has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible given the demands and challenges associated with the need to improve students' academic performances.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions on this report or need additional financial information, please contact Anne Darrow, School Business Administrator/Board Secretary at Red Bank Borough Board of Education, 76 Branch Avenue, Red Bank, NJ 07701 or send an e-mail to darrowa@rbb.k12.nj.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

RED BANK SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

| | Governmental Activities | Business -Type Activities | Total |
|--|----------------------------|------------------------------|-------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | | \$ 144,812.75 | \$ 144,812.75 |
| Receivables, Net | \$ 1,573,459.00 | 32,189.84 | 1,605,648.84 |
| Inventory | | 7,311.96 | 7,311.96 |
| Interfunds Receivable | | 126,718.00 | 126,718.00 |
| Other | | 11,360.40 | 11,360.40 |
| Deferred Bond Issuance Costs, Net | 50,177.21 | | 50,177.21 |
| Capital Assets, Net | <u>15,038,351.00</u> | <u>39,772.62</u> | <u>15,078,123.62</u> |
| Total Assets | <u>16,661,987.21</u> | <u>362,165.57</u> | <u>17,024,152.78</u> |
| Liabilities: | | | |
| Accounts Payable | 239,317.36 | 39,974.66 | 279,292.02 |
| Interfund Payable | 125,000.00 | | 125,000.00 |
| Accrued Expenses | 16,550.36 | | 16,550.36 |
| Cash Deficit | 21,154.00 | | 21,154.00 |
| Deferred Revenue | 537,106.91 | 2,034.62 | 539,141.53 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 385,050.53 | | 385,050.53 |
| Due Beyond One Year | <u>3,823,557.33</u> | | <u>3,823,557.33</u> |
| Total Liabilities | <u>5,147,736.49</u> | <u>42,009.28</u> | <u>5,189,745.77</u> |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 10,896,274.39 | 39,772.62 | 10,936,047.01 |
| Restricted for: | | | |
| Capital Projects | 119,625.83 | | 119,625.83 |
| General Fund | 274,405.53 | | 274,405.53 |
| Other Purposes | 99,188.89 | | 99,188.89 |
| Unrestricted | <u>114,756.08</u> | <u>280,383.67</u> | <u>395,139.75</u> |
| Total Net Assets | <u>\$ 11,504,250.72</u> | <u>\$ 320,156.29</u> | <u>\$ 11,824,407.01</u> |

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

RED BANK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2011

| Functions/Programs | Expenses | Indirect Expenses Allocation | Total | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | |
|--|-------------------------|------------------------------|-------------------------|----------------------|------------------------------------|----------------------------------|---|---------------------------|
| | | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | \$ 5,619,464.54 | \$ 2,827,145.86 | \$ 8,446,610.40 | \$ 40,803.14 | | | \$ (8,405,807.26) | \$ (8,405,807.26) |
| Special Education | 1,029,731.37 | 244,133.77 | 1,273,865.14 | | | | (1,273,865.14) | (1,273,865.14) |
| Other Special Instruction | 503,489.34 | 86,799.68 | 592,289.02 | | | | (592,289.02) | (592,289.02) |
| Other Instruction | 408.08 | 244,199.11 | 244,607.19 | | | | (244,607.19) | (244,607.19) |
| Support Services: | | | | | | | | |
| Tuition | 428,312.88 | 43,880.45 | 472,193.33 | | | | (472,193.33) | (472,193.33) |
| Student and Instruction Related Services | 4,428,764.32 | 244,188.68 | 4,672,953.00 | | | | (4,672,953.00) | (4,672,953.00) |
| School Administrative Services | 393,091.71 | (607,364.70) | (208,272.99) | | | | 208,272.99 | 208,272.99 |
| Central Services | 179,206.26 | 22,198.91 | 201,406.17 | | | | (201,406.17) | (201,406.17) |
| Administrative Information Technology | 114,409.54 | | 114,409.54 | | | | (114,409.54) | (114,409.54) |
| General Administration | 341,233.43 | 74,642.75 | 415,876.18 | | | | (415,876.18) | (415,876.18) |
| Plant Operations and Maintenance | 1,363,243.00 | 221,956.23 | 1,585,199.23 | | | | (1,585,199.23) | (1,585,199.23) |
| Pupil Transportation | 806,471.77 | 103,331.53 | 909,803.40 | | \$ 3,599.00 | | (906,204.40) | (906,204.40) |
| Special Schools | 7,000.00 | | 7,000.00 | | | | (7,000.00) | (7,000.00) |
| Transfer To Charter School | 1,690,504.00 | | 1,690,504.00 | | | | (1,690,504.00) | (1,690,504.00) |
| Interest on Long-Term Debt | 159,297.29 | | 159,297.29 | | | | (159,297.29) | (159,297.29) |
| Unallocated Depreciation/Amortization | 5,017.72 | | 5,017.72 | | | | (5,017.72) | (5,017.72) |
| Total Government Activities | 17,069,645.25 | 3,513,113.37 | 20,582,758.62 | 40,803.14 | 3,599.00 | | (20,538,356.48) | (20,538,356.48) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Food Service | 575,617.07 | | 575,617.07 | 129,241.77 | 482,508.99 | | | \$ 36,133.69 |
| Total Business-Type Activities | 575,617.07 | | 575,617.07 | 129,241.77 | 482,508.99 | | | 36,133.69 |
| Total Primary Government | \$ 17,645,262.32 | \$ 3,513,113.37 | \$ 21,158,375.69 | \$ 170,044.91 | \$ 486,107.99 | \$ 0.00 | \$ (20,538,356.48) | \$ (20,502,222.79) |
| GENERAL REVENUES | | | | | | | | |
| Property Taxes Levied for: | | | | | | | | |
| General Purposes | | | | | | | \$ 12,039,451.00 | \$ 12,039,451.00 |
| Debt Service | | | | | | | 578,280.00 | 578,280.00 |
| Federal and State Aid Not Restricted | | | | | | | 7,864,191.59 | 7,864,191.59 |
| Investment Earnings | | | | | | | 2,966.95 | 2,966.95 |
| Miscellaneous | | | | | | | 109,988.81 | 110,211.15 |
| Total General Revenues | | | | | | | 20,594,878.35 | 20,595,100.69 |
| Change in Net Assets | | | | | | | 56,521.87 | 92,877.90 |
| Net Assets - Beginning | | | | | | | 11,447,728.85 | 11,731,529.11 |
| Net Assets - Ending | | | | | | | \$ 11,504,250.72 | \$ 11,824,407.01 |

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

RED BANK SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Assets: | | | | | |
| Due From Other Funds | \$ 1,011,879.49 | | | | \$ 1,011,879.49 |
| Intergovernmental Receivables | 59,524.01 | \$ 1,066,627.38 | \$ 424,533.89 | | 1,550,685.28 |
| Other Receivables | <u>22,773.72</u> | | | | <u>22,773.72</u> |
| Total Assets | <u>1,094,177.22</u> | <u>1,066,627.38</u> | <u>424,533.89</u> | | <u>2,585,338.49</u> |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Cash Deficit | 21,154.00 | | | | 21,154.00 |
| Accounts Payable | 66,662.32 | 172,655.04 | | | 239,317.36 |
| Interfunds Payable | 125,000.00 | 635,150.07 | 364,353.48 | \$ 12,375.94 | 1,136,879.49 |
| Deferred Revenue | | <u>537,106.91</u> | | | <u>537,106.91</u> |
| Total Liabilities | <u>212,816.32</u> | <u>1,344,912.02</u> | <u>364,353.48</u> | <u>12,375.94</u> | <u>1,934,457.76</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Reserved Excess Surplus: | | | | | |
| Designated for Subsequent Year's Expenditures | 274,405.53 | | | | 274,405.53 |
| Capital Reserve | 59,445.42 | | | | 59,445.42 |
| Maintenance Reserve | 99,188.89 | | | | 99,188.89 |
| Capital Projects | | | 60,180.41 | | 60,180.41 |
| Assigned: | | | | | |
| Designated for Subsequent Year's Expenditures | 448,321.06 | | | | 448,321.06 |
| Unassigned: | | | | | |
| Debt Service | | | | (12,375.94) | (12,375.94) |
| Special Revenue | | <u>(278,284.64)</u> | | | <u>(278,284.64)</u> |
| Total Fund Balances | <u>881,360.90</u> | <u>(278,284.64)</u> | <u>60,180.41</u> | <u>(12,375.94)</u> | <u>650,880.73</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,094,177.22</u> | <u>\$ 1,066,627.38</u> | <u>\$ 424,533.89</u> | <u>\$ 0.00</u> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$21,278,585.00 and the accumulated depreciation is \$6,240,234.00 (See Note 11). 15,038,351.00

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 12). (4,218,607.86)

The costs associated with the issue of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the Statement of Net Assets. The bond issuance costs are \$80,823.00 and the accumulated amortization is \$30,105.79. 50,177.21

Accrued interest on long-term liabilities is not reported as a liability in the Fund. (16,550.36)

Net Assets of Governmental Activities \$ 11,504,250.72

RED BANK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

June 30, 2011

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 12,039,451.00 | | | \$ 578,280.00 | \$ 12,617,731.00 |
| Tuition | 40,803.14 | | | | 40,803.14 |
| Interest Earned on Capital Reserve | 74.94 | | | | 74.94 |
| Miscellaneous | 25,687.61 | \$ 87,193.21 | | | 112,880.82 |
| Total - Local Sources | 12,106,016.69 | 87,193.21 | | 578,280.00 | 12,771,489.90 |
| State Sources | 2,769,235.06 | 2,750,123.19 | | | 5,519,358.25 |
| Federal Sources | 15,065.55 | 2,333,366.79 | | | 2,348,432.34 |
| Total Revenues | 14,890,317.30 | 5,170,683.19 | | 578,280.00 | 20,639,280.49 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Regular Instruction | 3,396,231.58 | 2,223,232.96 | | | 5,619,464.54 |
| Special Education Instruction | 1,029,731.37 | | | | 1,029,731.37 |
| Other Special Instruction | 503,489.34 | | | | 503,489.34 |
| Other Instruction | 408.08 | | | | 408.08 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 428,312.88 | | | | 428,312.88 |
| Student and Instruction Related Services | 1,405,726.64 | 3,023,037.68 | | | 4,428,764.32 |
| General Administration | 341,233.43 | | | | 341,233.43 |
| School Administrative Services | 393,091.71 | | | | 393,091.71 |
| Central Services | 179,206.26 | | | | 179,206.26 |
| Administrative Information Technology | 114,409.54 | | | | 114,409.54 |
| Plant Operations and Maintenance | 1,363,243.00 | | | | 1,363,243.00 |
| Pupil Transportation | 762,591.71 | | | | 762,591.71 |
| Employee Benefits | 3,056,294.12 | | | | 3,056,294.12 |
| Special Schools | 7,000.00 | | | | 7,000.00 |
| Transfer To Charter School | 1,690,504.00 | | | | 1,690,504.00 |
| Debt Service: | | | | | |
| Principal | | | | 387,569.38 | 387,569.38 |
| Interest and Other Charges | | | | 189,528.28 | 189,528.28 |
| Capital Outlay | 100,696.56 | 28,114.50 | | | 128,811.06 |
| Total Expenditures | 14,772,170.22 | 5,274,385.14 | | 577,097.66 | 20,623,653.02 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | 118,147.08 | (103,701.95) | | 1,182.34 | 15,627.47 |
| Fund Balance - July 1 | 763,213.82 | (174,582.69) | \$ 60,180.41 | (13,558.28) | 635,253.26 |
| Fund Balance - June 30 | \$ 881,360.90 | \$ (278,284.64) | \$ 60,180.41 | \$ (12,375.94) | \$ 650,880.73 |

RED BANK SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

June 30, 2011

| | | |
|---|------------------|---------------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2) | | \$ 15,627.47 |
| Amounts reported for governmental activities in the Statement of Activities (A-2) are different because: | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and donated assets exceeded depreciation in the current fiscal year.</p> | | |
| Depreciation Expense | \$ (454,579.00) | |
| Capital Outlay | <u>84,931.00</u> | |
| | | (369,648.00) |
| <p>Repayment of bond, loans and capital lease 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.</p> | | |
| | | 387,569.38 |
| <p>Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities. The net effect of the amortization is an increase to the reconciliation.</p> | | |
| | | 23,497.36 |
| <p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p> | | |
| | | (2,240.25) |
| <p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in accrued interest over the previous year is a reduction in the reconciliation.</p> | | |
| | | <u>1,715.91</u> |
| Change in Net Assets of Governmental Activities | | <u>\$ 56,521.87</u> |

RED BANK SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

| | <u>Business-Type Activities - Enterprise Funds</u> |
|--|--|
| Assets: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 144,812.75 |
| Intergovernmental Receivables: | |
| Federal | 31,636.40 |
| State | 553.44 |
| Due From: | |
| General Operating Fund | 125,000.00 |
| Students | 1,718.00 |
| Other | 11,360.40 |
| Inventories | <u>7,311.96</u> |
| Total - Current Assets | <u>322,392.95</u> |
| Noncurrent Assets: | |
| Building Improvements | 41,895.00 |
| Furniture, Machinery and Equipment | 96,586.95 |
| Less: | |
| Accumulated Depreciation | <u>(98,709.33)</u> |
| Total - Noncurrent Assets | <u>39,772.62</u> |
| Total Assets | <u><u>\$ 362,165.57</u></u> |
| Liabilities: | |
| Current Liabilities: | |
| Deferred Revenue | \$ 2,034.62 |
| Accounts Payable | <u>39,974.66</u> |
| Total Liabilities | <u><u>\$ 42,009.28</u></u> |
| Net Assets: | |
| Invested in Capital Assets Net of Related Debt | \$ 39,772.62 |
| Unrestricted | <u>280,383.67</u> |
| Total Net Assets | <u><u>\$ 320,156.29</u></u> |

RED BANK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

June 30, 2011

| | Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u> |
|---|---|
| Operating Revenues: | |
| Charges for Services: | |
| Daily Sales - Reimbursable Programs | \$ 40,028.36 |
| Daily Sales - Non-Reimbursable Programs | 42,017.36 |
| Special Functions | 45,527.80 |
| Miscellaneous | <u>1,668.25</u> |
| Total Operating Revenues | <u>129,241.77</u> |
| Operating Expenses: | |
| Salaries | 121,622.95 |
| Support Services - Employee Benefits | 45,112.98 |
| Purchased Professional/Technical Services | 65,120.97 |
| Other Purchased Services | 29,921.74 |
| Supplies and Materials | 12,466.69 |
| Depreciation | 7,446.14 |
| Cost of Sales | 275,188.08 |
| Miscellaneous Expenditures | <u>18,737.52</u> |
| Total Operating Expenses | <u>575,617.07</u> |
| Operating Loss | <u>(446,375.30)</u> |
| Nonoperating Revenues: | |
| State Sources: | |
| State School Lunch Program | 7,348.14 |
| Federal Sources: | |
| National School Lunch Program | 356,221.38 |
| National School Breakfast Program | 87,750.52 |
| Snacks | 1,901.80 |
| Food Distribution Program | 29,287.15 |
| Interest and Investment Income | <u>222.34</u> |
| Total Nonoperating Revenues | <u>482,731.33</u> |
| Change in Net Assets | 36,356.03 |
| Total Net Assets - Beginning | <u>283,800.26</u> |
| Total Net Assets - Ending | <u>\$ 320,156.29</u> |

RED BANK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

June 30, 2011

| | <u>Business-Type Activities - Enterprise Funds Food Service</u> |
|---|---|
| Cash Flows From Operating Activities: | |
| Receipts From Customers | \$ 130,103.19 |
| Payments To Employees | (112,190.02) |
| Payments For Employee Benefits | (40,667.40) |
| Payments To Suppliers | <u>(378,289.66)</u> |
| Net Cash Used For Operating Activities | <u>(401,043.89)</u> |
| Cash Flows From Noncapital Financing Activities: | |
| State Sources | 8,210.34 |
| Federal Sources | <u>447,011.57</u> |
| Net Cash Provided By Noncapital Financing Activities | <u>455,221.91</u> |
| Cash Flows From Investing Activities: | |
| Interest | <u>222.34</u> |
| Net Cash Provided By Investing Activities | <u>222.34</u> |
| Net Increase in Cash and Cash Equivalents | 54,400.36 |
| Balance - Beginning of Year | <u>90,412.39</u> |
| Balance - End of Year | <u><u>\$ 144,812.75</u></u> |
| Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities: | |
| Operating Loss: | \$ (446,375.30) |
| Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities: | |
| (Increase)/Decrease in Accounts Receivable | (1,173.20) |
| Increase/(Decrease) in Accounts Payable | 1,675.68 |
| Depreciation | 7,446.14 |
| Increase/(Decrease) in Deferred Revenue | 2,034.62 |
| Donated Commodities Received During the Year | 29,287.15 |
| (Increase)/Decrease in Inventories | <u>6,061.02</u> |
| Total Adjustments | <u>45,331.41</u> |
| Net Cash Used For Operating Activities | <u><u>\$ (401,043.89)</u></u> |

RED BANK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

| | Agency Fund |
|-------------------------------------|----------------------------|
| Assets: | |
| Cash and Cash Equivalents | <u>\$ 76,077.05</u> |
| Total Assets | <u><u>\$ 76,077.05</u></u> |
| Liabilities: | |
| Payroll Deductions and Withholdings | <u>\$ 76,077.05</u> |
| Total Liabilities | <u><u>\$ 76,077.05</u></u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Red Bank School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year staggered terms. The purpose of the District is to educate students in grades PreK-8. The Red Bank School District had an approximate enrollment of 998 students at June 30, 2011.

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.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the Organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the Organization
- the District appoints a voting majority of the Organization's Board
- the District is able to impose its will on the Organization
- the Organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the Organization on the District

Based on the aforementioned criteria, the District has no component units.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

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 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. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (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.

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

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund-type operating statements present increases/(revenues) and decreases/(expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2011, the District had no Non-Expendable Trust Funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include Payroll and Student Activities Funds.

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting (Cont'd):

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. 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, except for the Special Revenue Fund. 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 approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

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 legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and 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.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011, there was a reconciling difference of \$107,211.04 between the budgetary basis and GAAP basis in the General Fund and of \$(177,705.87) in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

RED BANK SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| | General <u>Fund</u> | Special Revenue <u>Fund</u> |
|---|-------------------------|--------------------------------|
| SOURCES/INFLOWS OF RESOURCES | | |
| Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules | \$ 14,783,106.26 | \$ 5,348,389.06 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized: | | |
| Less: Current Year Encumbrances | | (396,406.16) |
| Add: Prior Year Encumbrances | | 322,402.24 |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 262,486.40 | 174,582.69 |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | <u>(155,275.36)</u> | <u>(278,284.64)</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 14,890,317.30</u> | <u>\$ 5,170,683.19</u> |
| USES/OUTFLOWS OF RESOURCES | | |
| Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule | \$ 14,772,170.22 | \$ 5,348,389.06 |
| Difference - budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: | | |
| Less: Current Year Encumbrances | | (396,406.16) |
| Add: Prior Year Encumbrances | | 322,402.24 |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 14,772,170.22</u> | <u>\$ 5,274,385.14</u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrance Accounting:

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 revenues at fiscal year-end.

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

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|---------------------------------|--------------------------------------|
| School Buildings | 50 |
| Building Improvements | 20 |
| Temporary or Portable Buildings | 25 |
| Vehicles | 5 |
| Carpeting | 7 |
| Office and Computer Equipment | 5-10 |
| Instructional Equipment | 10 |
| Grounds Equipment | 15 |
| Site Improvements | 20 |
| Custodial Equipment | 12 |

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting 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 the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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 in more than one year.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences (Cont'd):

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Fund Balance Reserves:

The 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 expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years expenditures.

Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual 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 District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the 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 available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Allocation of Indirect Expenses:

The District reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

2. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Red Bank Board of Education by inclusion of \$100.00 on October 3, 2000 for the accumulation of funds for use as Capital Outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess 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.

During the fiscal year ended June 30, 2011, the District had actual interest earnings of \$74.94.

The activity of the Capital Reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

| | |
|---------------------------------|---------------------|
| Beginning Balance, July 1, 2010 | \$ 59,370.48 |
| Add: | |
| Interest Earnings | <u>74.94</u> |
| Ending Balance, June 30, 2011 | <u>\$ 59,445.42</u> |

The June 30, 2011 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2011 is \$481,704.00.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

3. MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve Account was established by the Red Bank Board of Education for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Maintenance Reserve Account are restricted to the maintenance of completed Capital Projects in the District's approved Long Range Facilities Plan ("LRFP").

The June 30, 2010 and 2011 balances are \$0.00 and \$99,188.89, respectively.

4. EMERGENCY RESERVE ACCOUNT

An Emergency Reserve Account was established by the Red Bank Board of Education for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated General Fund expenditures required for a thorough and efficient education.

The June 30, 2010 and 2011 balances are \$0.00 and \$0.00, respectively.

5. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2011, the District transferred \$58,551.56 to the Capital Outlay Accounts as a result of prior-year encumbrances.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

6. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at June 30, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2011 and 2010, the book value of the Board's deposits were \$234,245.15 and \$357,981.52, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposits might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2011 and 2010, the Board's bank balances of \$1,023,298.50 and \$922,662.53, respectively, were exposed to Custodial Credit Risk as follows:

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|------------------------|----------------------|
| Insured | \$ 1,023,298.50 | \$ 922,662.53 |
| Uninsured and Uncollateralized | <u>0.00</u> | <u>0.00</u> |
| | <u>\$ 1,023,298.50</u> | <u>\$ 922,662.53</u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

6. DEPOSITS AND INVESTMENTS (CONT'D)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

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

7. RECEIVABLES

Receivables at June 30, 2011, consisted of interfund and intergovernmental. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

| | <u>Governmental Fund Financial Statements</u> | <u>District-Wide Financial Statements</u> |
|-----------------------------------|---|---|
| State Aid | \$ 1,550,685.28 | \$ 1,550,685.28 |
| Interfunds | 1,011,879.49 | |
| Other | <u>22,773.72</u> | <u>22,773.72</u> |
| | 2,585,338.49 | 1,573,459.00 |
| Less Allowance for Uncollectibles | <u>0.00</u> | <u>0.00</u> |
| Total Receivables, Net | <u>\$ 2,585,338.49</u> | <u>\$ 1,573,459.00</u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

8. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2011 consist of the following:

| | |
|------------------------|---|
| \$ 364,353.48 | Due To General Operating Fund From Capital Projects Fund representing a cash advance |
| 12,375.94 | Due To General Operating Fund From Debt Service Fund representing a cash advance |
| 125,000.00 | Due To Enterprise Fund From General Operating Fund representing a cash advance |
| 635,150.07 | Due To General Operating Fund From Special Revenue Fund representing a cash advance |
| <u>\$ 1,136,879.49</u> | |

Transfers

Not applicable

9. INVENTORY

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

| | |
|----------|--------------------|
| Food | \$ 5,462.01 |
| Supplies | <u>1,849.95</u> |
| | <u>\$ 7,311.96</u> |

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

10. DEFERRED BOND ISSUANCE COSTS

In the governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The amortization expense for the fiscal year ended June 30, 2011 amounted to \$5,017.72.

RED BANK SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

11. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 3,514,100 | | | \$ 3,514,100 |
| Total Capital Assets Not Being Depreciated | <u>3,514,100</u> | | | <u>3,514,100</u> |
| Capital Assets Being Depreciated: | | | | |
| Site Improvements | 514,852 | \$ 16,680 | | 531,532 |
| Building and Building Improvements | 16,376,535 | 8,575 | | 16,385,110 |
| Machinery and Equipment | 1,018,397 | 59,676 | \$ (230,230) | 847,843 |
| Totals at Historical Cost | <u>17,909,784</u> | <u>84,931</u> | <u>(230,230)</u> | <u>17,764,485</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | (127,989) | (26,283) | | (154,272) |
| Building and Building Improvements | (5,144,893) | (356,508) | | (5,501,401) |
| Machinery and Equipment | (743,003) | (71,788) | 230,230 | (584,561) |
| Total Accumulated Depreciation | <u>(6,015,885)</u> | <u>(454,579)</u> | <u>230,230</u> | <u>(6,240,234)</u> |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | <u>11,893,899</u> | <u>(369,648)</u> | | <u>11,524,251</u> |
| Government Activity Capital Assets, Net | <u>15,407,999</u> | <u>(369,648)</u> | | <u>15,038,351</u> |
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Machinery, Equipment, Furniture and Fixtures | 96,587 | | | 96,587 |
| Building and Building Improvements | 41,895 | | | 41,895 |
| Total Business-Type Activities | <u>138,482</u> | | | <u>138,482</u> |
| Less Accumulated Depreciation: | | | | |
| Machinery, Equipment, Furniture and Fixtures | (60,972) | (3,955) | | (64,927) |
| Building and Building Improvements | (30,291) | (3,491) | | (33,782) |
| | <u>(91,263)</u> | <u>(7,446)</u> | | <u>(98,709)</u> |
| Enterprise Fund Capital Assets, Net | <u>\$ 47,219</u> | <u>\$ (7,446)</u> | <u>\$ 0</u> | <u>\$ 39,773</u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

11. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense was charged to functions as follows:

| | |
|--|----------------------|
| Instruction - Regular | \$ 310,162.00 |
| Student and Instructional-Related Services | 44,022.00 |
| School Administrative Services | 83,737.00 |
| General and Business Administrative Services | 8,043.00 |
| Plant Operations and Maintenance | <u>8,615.00</u> |
| Total | <u>\$ 454,579.00</u> |

12. LONG-TERM OBLIGATIONS

A. Refunding:

The Board adopted a refunding bond ordinance on May 17, 2005 and a resolution on May 17, 2005, for the purpose of issuing Refunding Bonds ("the Refunding Bonds") in order to advance refund a portion of the outstanding 2000 Bond Issuance dated December 1, 2000 ("the Prior Bonds") which were issued to finance the construction of additions to and renovations of the existing schools.

The approval was obtained from the New Local Finance Board in the Department of Community Affairs on June 15, 2005.

On July 1, 2005, the Board issued \$4,690,000.00 in general obligation bonds with an average interest rate of 5.15% to advance refund \$4,560,000.00 of outstanding series bonds with an average interest rate of 4.34%. The net proceeds of \$4,837,606.55 (after payment of \$91,012.57 in underwriting fees, insurance and other issuance costs) original issuance premium of \$228,120.65 and accrued interest of \$10,498.49. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series bonds. As a result, the series bonds are considered to be defeased and the liability for these bonds has been removed from net assets.

This refunding resulted in a net present value savings of \$240,153.28. In addition, the savings resulting from the refunding were as follows:

| | |
|--|----------------------|
| Cash Flow Requirements to Service (Old) Debt | \$ 7,116,975.00 |
| Less: Cash Flow Requirements for New Debt | <u>6,797,229.68</u> |
| Net Savings from Refunding | <u>\$ 319,745.32</u> |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

12. LONG-TERM OBLIGATIONS (CONT'D)

B. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2011, are as follows:

| | Balance June 30, <u>2010</u> | <u>Additions</u> | <u>Retired</u> | Balance June 30, <u>2011</u> | Amounts Due Within <u>One Year</u> |
|--------------------------------------|------------------------------------|-----------------------------|----------------------|------------------------------------|--|
| <u>Governmental Activities:</u> | | | | | |
| Bonds Payable | \$ 4,230,000.00 | | \$ 350,000.00 | \$ 3,880,000.00 | \$ 350,000.00 |
| Compensated Absences Payable | 74,291.00 | \$ 15,085.25 | 12,845.00 | 76,531.25 | 6,400.00 |
| Loans Payable - N.J.E.D.A. | <u>157,070.58</u> | <u> </u> | <u>37,569.38</u> | <u>119,501.20</u> | <u>38,650.53</u> |
| | <u>\$ 4,461,361.58</u> | <u>\$ 15,085.25</u> | <u>\$ 400,414.38</u> | <u>\$ 4,076,032.45</u> | <u>\$ 395,050.53</u> |
| Less: | | | | | |
| Net Premium/ (Discount) | | | | \$ 156,832.95 | |
| Current Portion of Long Term Debt | | | | <u>(395,050.53)</u> | |
| | | | | <u>\$ 3,823,557.33</u> | |

Compensated absences and capital leases, if applicable, have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bondholders are willing to accept a lower interest rate than they would taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The Federal Tax Code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally-allowable returns.

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance Sheet or Income Statement until rebatable amounts are due and payable to the Federal Government.

RED BANK SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

12. LONG-TERM OBLIGATIONS (CONT'D)

C. 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.

Debt Service Requirements on serial bonds payable at June 30, 2011 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------------|----------------------|------------------------|
| 2012 | \$ 350,000.00 | \$ 171,612.50 | \$ 521,612.50 |
| 2013 | 345,000.00 | 159,362.50 | 504,362.50 |
| 2014 | 360,000.00 | 142,975.00 | 502,975.00 |
| 2015 | 360,000.00 | 125,875.00 | 485,875.00 |
| 2016 | 370,000.00 | 108,775.00 | 478,775.00 |
| 2017 | 410,000.00 | 92,125.00 | 502,125.00 |
| 2018 | 410,000.00 | 73,675.00 | 483,675.00 |
| 2019 | 405,000.00 | 55,225.00 | 460,225.00 |
| 2020 | 440,000.00 | 37,000.00 | 477,000.00 |
| 2021 | <u>430,000.00</u> | <u>17,199.96</u> | <u>447,199.96</u> |
| | <u>\$ 3,880,000.00</u> | <u>\$ 983,824.96</u> | <u>\$ 4,863,824.96</u> |

D. Bonds Authorized But Not Issued

As of June 30, 2011, the District had no authorized but not issued bonds.

E. Capital Leases Payable

As of June 30, 2011, the District had no capital leases payable.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

12. LONG-TERM OBLIGATIONS (CONT'D)

F. Loans Payable - N.J.E.D.A.

The loan payable is a school facilities loan which is administered by, and payable to, the New Jersey Economic Development Authority. The loan is for renovation and improvements to the primary and middle schools.

Principal and interest due on loans outstanding is as follows.

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|--------------------|----------------------|
| 2012 | \$ 38,650.53 | \$ 4,121.03 | \$ 42,771.56 |
| 2013 | 39,814.35 | 2,516.94 | 42,331.29 |
| 2014 | <u>41,036.32</u> | <u>849.76</u> | <u>41,886.08</u> |
| | <u>\$ 119,501.20</u> | <u>\$ 7,487.73</u> | <u>\$ 126,988.93</u> |

13. DEFERRED BOND ISSUANCE COSTS

In the governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The amortization expense for the fiscal year ended June 30, 2011 amounted to \$5,017.72.

14. OPERATING LEASES

The District had no operating leases during the year ended June 30, 2011.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

15. PENSION PLANS

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A: 6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members always full vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members account.

RED BANK SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

15. PENSION PLANS (CONT'D)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and to change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate in both TPAF and PERS. The actuarially- determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

| <u>Year Funding June 30,</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 2011 | \$ 216,421.00 | 100% | \$ 0.00 |
| 2010 | 152,922.00 | 100 | 0.00 |
| 2009 | 119,075.00 | 100 | 0.00 |

Three-Year Trend Information (Paid on Behalf of District)

| <u>Year Funding June 30,</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 2011 | \$ 398,331.00 | 100% | \$ 0.00 |
| 2010 | 377,362.00 | 100 | 0.00 |
| 2009 | 337,862.00 | 100 | 0.00 |

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

15. PENSION PLANS (CONT'D)

Contribution Requirements: (cont'd)

During the year ended June 30, 2011, the State of New Jersey contributed \$17,911.00 to the TPAF for NCGI premiums and \$380,420.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$468,961.11 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

16. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. 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 P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

16. POST – RETIREMENT BENEFITS (CONT'D)

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$380,420.00, \$377,362.00, and \$321,304.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

17. DEFERRED COMPENSATION

The Board offers its employees 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:

| | |
|--------------------|--------------|
| Equitable VALIC | Metropolitan |
|--------------------|--------------|

18. 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.

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method".

19. CONTINGENT LIABILITIES

Grant Programs

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

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

20. FUND BALANCE APPROPRIATED

The District has implemented GASB 54 during fiscal year 2011.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

20. FUND BALANCE APPROPRIATED (CONT'D)

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

Classification Totals

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total |
|----------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------|
| Fund Balances: | | | | | |
| Restricted | \$ 433,039.84 | | \$ (12,375.94) | \$ 60,184.41 | \$ 480,844.31 |
| Assigned | 448,321.06 | | | | 448,321.06 |
| Unassigned | <u> </u> | \$ (278,284.64) | <u> </u> | <u> </u> | <u>(278,284.64)</u> |
| | <u>\$ 881,360.90</u> | <u>\$ (278,284.64)</u> | <u>\$ (12,375.94)</u> | <u>\$ 60,184.41</u> | <u>\$ 650,880.73</u> |

21. CALCULATION OF EXCESS SURPLUS

Not applicable.

22. SERVICE AGREEMENT – MOESC

The Monmouth-Ocean Educational Services Commission ("MOESC") provides the following services to the Board:

| | <u>Grant Amount</u> | <u>Expenditures</u> | <u>Balance*</u> |
|-------------------------------|---------------------|---------------------|-----------------|
| Non-Public Textbooks | \$ 32,910.00 | \$ 30,515.62 | \$ 2,394.38 |
| Non-Public Nursing | 38,996.00 | 37,560.61 | 1,435.39 |
| Non-Public Comp. Ed. | 67,819.00 | 45,212.67 | 22,606.33 |
| Non-Public ESL | 854.00 | | 854.00 |
| Non-Public Transportation | 5,888.00 | 5,888.00 | |
| Non-Public Exam & Class | 41,955.00 | 39,717.39 | 2,237.61 |
| Non-Public Speech Correction | 34,422.00 | 32,075.05 | 2,346.95 |
| Non-Public Supplemental Inst. | 21,540.00 | 20,845.16 | 694.84 |

* We have been advised that Monmouth-Ocean Educational Services Commission will be responsible for returning unexpended balances to the state.

RED BANK SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

23. DEFICIT FUND BALANCE

The District has a deficit fund balance of \$(278,284.64) in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June 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 June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

The District has a deficit fund balance of (\$12,375.94) in the Debt Service Fund as of June 30, 2011 due to underfunding of 2009/10 debt service. The deficit is being raised in the 2011/12 Budget.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|---|----------------------|---------------------|----------------------|----------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 12,039,451.00 | | \$ 12,039,451.00 | \$ 12,039,451.00 | |
| Tuition | 89,711.00 | | 89,711.00 | 40,803.14 | \$ (48,907.86) |
| Interest Earned on Capital Reserve Funds | 61.00 | | 61.00 | 74.94 | 13.94 |
| Unrestricted Miscellaneous Revenues | 24,000.00 | | 24,000.00 | 25,687.61 | 1,687.61 |
| Total Local Sources | 12,153,223.00 | | 12,153,223.00 | 12,106,016.69 | (47,206.31) |
| State Sources: | | | | | |
| Extraordinary Aid | 62,595.00 | | 62,595.00 | 17,346.00 | (45,249.00) |
| Categorical Special Education Aid | 360,653.00 | \$ 234,927.00 | 595,580.00 | 595,580.00 | |
| Equalization Aid | 1,401,656.00 | (234,927.00) | 1,166,729.00 | 1,166,729.00 | |
| Other State Aid | | | | 15,076.91 | 15,076.91 |
| TPAF Post Retirement Medical (On-Behalf - Non-Budgeted) | | | | 380,420.00 | 380,420.00 |
| TPAF Pension NCGI Premium (On-Behalf - Non-Budgeted) | | | | 17,911.00 | 17,911.00 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 468,961.11 | 468,961.11 |
| Total State Sources | 1,824,904.00 | | 1,824,904.00 | 2,662,024.02 | 837,120.02 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 7,200.00 | | 7,200.00 | 15,065.55 | 7,865.55 |
| Total Federal Sources | 7,200.00 | | 7,200.00 | 15,065.55 | 7,865.55 |
| Total Revenues | 13,985,327.00 | | 13,985,327.00 | 14,783,106.26 | 797,779.26 |
| EXPENDITURES | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Preschool | | 118,949.00 | 118,949.00 | 118,152.44 | 796.56 |
| Kindergarten | 323,406.00 | 63,323.00 | 386,729.00 | 386,728.68 | 0.32 |
| Grades 1-5 | 1,725,619.00 | (289,503.01) | 1,436,115.99 | 1,416,733.13 | 19,382.86 |
| Grades 6-8 | 849,313.00 | 97,245.00 | 946,558.00 | 946,531.96 | 26.04 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 2,500.00 | 1,282.00 | 3,782.00 | 3,782.00 | |
| Purchased Professional - Educational Services | 4,500.00 | (482.00) | 4,018.00 | 2,850.00 | 1,168.00 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 202,702.00 | 30,644.00 | 233,346.00 | 233,345.28 | 0.72 |
| Purchased Professional - Educational Services | 54,270.00 | (7,690.00) | 46,580.00 | 24,112.16 | 22,467.84 |
| Other Purchased Services (400 - 500 series) | 45,196.00 | (9,285.00) | 35,911.00 | 35,886.77 | 24.23 |
| General Supplies | 231,278.00 | 2,822.76 | 234,100.76 | 217,422.64 | 16,678.12 |
| Textbooks | 9,468.00 | (2,000.00) | 7,468.00 | 7,323.45 | 144.55 |
| Other Objects | 5,000.00 | (1,613.30) | 3,386.70 | 3,563.07 | 23.63 |
| Total Regular Programs - Instruction | 3,453,252.00 | 3,692.45 | 3,456,944.45 | 3,396,231.58 | 60,712.87 |
| Special Education - Instruction: | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | 181,885.00 | 12,297.00 | 194,182.00 | 194,181.75 | 0.25 |
| Other Salaries for Instruction | | 37,542.00 | 37,542.00 | 37,541.25 | 0.75 |
| Total Learning and/or Language Disabilities | 181,885.00 | 49,839.00 | 231,724.00 | 231,723.00 | 1.00 |
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | 124,805.00 | (76,040.00) | 48,765.00 | 48,765.00 | |
| Other Salaries for Instruction | 54,312.00 | (17,687.00) | 36,625.00 | 33,433.00 | 3,192.00 |
| Total Behavioral Disabilities | 179,117.00 | (93,727.00) | 85,390.00 | 82,198.00 | 3,192.00 |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 96,790.00 | (52,025.00) | 44,765.00 | 44,765.00 | |
| Other Salaries for Instruction | 56,097.00 | 19,838.00 | 75,935.00 | 75,934.50 | 0.50 |
| Total Multiple Disabilities | 152,887.00 | (32,187.00) | 120,700.00 | 120,699.50 | 0.50 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 250,290.00 | (14,335.00) | 235,955.00 | 235,955.00 | |
| Other Salaries for Instruction | 63,369.00 | (11,936.00) | 51,433.00 | 51,432.16 | 0.84 |
| General Supplies | | 58.10 | 58.10 | 58.10 | |
| Total Resource Room/Resource Center | 313,659.00 | (26,212.90) | 287,446.10 | 287,445.26 | 0.84 |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 98,790.00 | 33,471.00 | 132,261.00 | 132,260.00 | 1.00 |
| Other Salaries for Instruction | 170,396.00 | 3,915.09 | 174,311.09 | 174,310.89 | 0.20 |
| General Supplies | | 2,698.91 | 2,698.91 | 1,030.72 | 1,668.19 |
| Other Objects | | 64.00 | 64.00 | 64.00 | |
| Total Preschool Disabilities - Part-Time | 269,186.00 | 40,149.00 | 309,335.00 | 307,665.61 | 1,669.39 |
| Total Special Education - Instruction | 1,096,734.00 | (62,138.90) | 1,034,595.10 | 1,029,731.37 | 4,863.73 |

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|---------------------|-----------------|--------------|--------------------------------|
| EXPENDITURES (continued) | | | | | |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 448,403.00 | 40,920.00 | 489,323.00 | 489,322.38 | 0.62 |
| General Supplies | 18,888.00 | (88.98) | 18,799.02 | 12,966.97 | 5,832.05 |
| Textbooks | 1,700.00 | (500.00) | 1,200.00 | 1,199.99 | 0.01 |
| Other Objects | | 23.30 | 23.30 | | 23.30 |
| Total Bilingual Education - Instruction | 468,991.00 | 40,354.32 | 509,345.32 | 503,489.34 | 5,855.98 |
| School Sponsored Athletics - Instruction: | | | | | |
| Salaries | | 155.00 | 155.00 | 155.00 | |
| Total School Sponsored Athletics - Instruction | | 155.00 | 155.00 | 155.00 | |
| Community Serv. Programs/Operations: | | | | | |
| Supplies and Materials | | 253.08 | 253.08 | 253.08 | |
| Total - Community Serv. Programs/Operations | | 253.08 | 253.08 | 253.08 | |
| Total - Instruction | 5,018,977.00 | (17,684.05) | 5,001,292.95 | 4,929,860.37 | 71,432.58 |
| Undist. Expend. - Instruction: | | | | | |
| Tuition To Other LEAs Within the State - Special | 78,991.00 | 8,432.00 | 87,423.00 | 87,422.79 | 0.21 |
| Tuition To Private Schools for the Disabled Within State | 363,827.00 | (10,244.00) | 353,583.00 | 340,890.09 | 12,692.91 |
| Total Undist. Expend. - Instruction | 442,818.00 | (1,812.00) | 441,006.00 | 428,312.88 | 12,693.12 |
| Undist. Expend. - Attendance and Social Work Services: | | | | | |
| Salaries | 28,682.00 | (26,882.00) | 1,800.00 | 1,800.00 | |
| Salaries of Family Liasons/Comm Parent Inv. Spe | 12,034.00 | 2,867.00 | 14,901.00 | 14,311.81 | 589.19 |
| Supplies and Materials | 500.00 | | 500.00 | 500.00 | |
| Total Undist. Expend. - Attendance and Social Work Services | 41,216.00 | (24,015.00) | 17,201.00 | 16,611.81 | 589.19 |
| Undist. Expend. - Health Services: | | | | | |
| Salaries | 162,800.00 | (1,300.00) | 161,000.00 | 161,000.00 | |
| Purchased Professional and Technical Services | 5,500.00 | | 5,500.00 | 5,468.00 | 32.00 |
| Other Purchased Services (400 - 500 series) | 250.00 | | 250.00 | 249.95 | 0.05 |
| Supplies and Materials | 2,073.00 | (15.00) | 2,058.00 | 1,960.55 | 97.45 |
| Other Objects | 150.00 | | 150.00 | 136.50 | 13.50 |
| Total Undist. Expend. - Health Services | 170,773.00 | (1,815.00) | 168,958.00 | 168,815.00 | 143.00 |
| Undist. Expend. - Speech, OT, PT & Related Svc: | | | | | |
| Salaries | 137,373.00 | 21,629.00 | 159,002.00 | 159,001.60 | 0.40 |
| Purchased Professional - Educational Services | 46,350.00 | 15,107.00 | 61,457.00 | 58,491.00 | 2,966.00 |
| Supplies and Materials | 4,000.00 | (3,999.30) | 0.70 | 0.13 | 0.57 |
| Total Undist. Expend. - Speech, OT, PT & Related Svc. | 187,723.00 | 32,736.70 | 220,459.70 | 217,492.73 | 2,966.97 |
| Undist. Expend. - Other Support Serv. Students - Extra Svcs: | | | | | |
| Salaries | 84,983.00 | (84,983.00) | | | |
| Total Undist. Expend. - Other Support Serv. Students - Extra Svcs | 84,983.00 | (84,983.00) | | | |
| Undist. Expend. - Other Support Serv. Students - Guidance: | | | | | |
| Salaries of Other Professional Staff | 150,000.00 | 64,168.00 | 214,168.00 | 214,167.87 | 0.13 |
| Supplies and Materials | 1,380.00 | | 1,380.00 | 91.14 | 1,288.86 |
| Total Undist. - Guidance | 151,380.00 | 64,168.00 | 215,548.00 | 214,259.01 | 1,288.99 |
| Undist. Expend. - Child Study Teams: | | | | | |
| Salaries of Other Professional Staff | 138,996.00 | (6,635.00) | 132,361.00 | 132,361.00 | |
| Salaries of Secretarial and Clerical Assistants | 56,159.00 | (2,900.00) | 53,259.00 | 53,196.96 | 62.04 |
| Purchased Professional - Educational Services | 8,830.00 | 3,546.00 | 12,476.00 | 7,276.00 | 5,200.00 |
| Misc Purchased Services (400 - 500 series Other Than Resid. Costs) | | 455.00 | 455.00 | | 455.00 |
| Supplies and Materials | 3,000.00 | (2,913.00) | 87.00 | 86.95 | 0.05 |
| Other Objects | 600.00 | (405.36) | 194.64 | 194.54 | 0.10 |
| Total Undist. Expend. - Child Study Teams | 207,585.00 | (8,752.36) | 198,832.64 | 193,115.45 | 5,717.19 |
| Undist. Expend. - Improvement of Instructional Services: | | | | | |
| Salaries of Supervisors of Instruction | 23,400.00 | (2,912.00) | 20,488.00 | 20,488.00 | |
| Salaries of Secretarial and Clerical Assistants | 42,150.00 | (7,347.00) | 34,803.00 | 34,802.27 | 0.73 |
| Other Salaries | | 5,720.00 | 5,720.00 | 5,720.00 | |
| Salaries of Facilitators, Math & Literacy Coaches | 88,570.00 | 177,214.00 | 265,784.00 | 265,783.40 | 0.60 |
| Supplies and Materials | 16,295.00 | (6,499.00) | 9,796.00 | 9,645.03 | 150.97 |
| Total Undist. Expend. - Improvement of Instructional Services | 170,415.00 | 166,176.00 | 336,591.00 | 336,438.70 | 152.30 |

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| EXPENDITURES (continued) | | | | | |
| Undist. Expend. - Educational Media/School Library: | | | | | |
| Salaries | 166,922.00 | (32,792.00) | 134,130.00 | 134,130.00 | |
| Salaries of Technology Coordinators | 70,304.00 | 1,405.00 | 71,709.00 | 71,708.96 | 0.04 |
| Supplies and Materials | 35,639.00 | (2,027.00) | 33,612.00 | 32,474.64 | 1,137.36 |
| Other Objects | 400.00 | | 400.00 | 49.00 | 351.00 |
| Total Undist. Expend. - Educational Media/School Library | 273,265.00 | (33,414.00) | 239,851.00 | 238,362.60 | 1,488.40 |
| Undist. Expend. - Instructional Staff Training Services: | | | | | |
| Salaries of Supervisors of Instruction | 20,000.00 | (20,000.00) | | | |
| Salaries of Secretarial and Clerical Assistants | 20,050.00 | | 20,050.00 | 20,050.00 | |
| Other Purchased Services (400 - 500 series) | | 1,000.00 | 1,000.00 | 581.34 | 418.66 |
| Total Undist. Expend. - Instructional Staff Training Services | 40,050.00 | (19,000.00) | 21,050.00 | 20,631.34 | 418.66 |
| Undist. Expend. - Support Services - General Administration: | | | | | |
| Salaries | 225,888.00 | 10,446.00 | 236,334.00 | 236,133.70 | 0.30 |
| Legal Services | 24,500.00 | (3,324.31) | 21,175.69 | 18,980.93 | 2,194.76 |
| Audit Fees | 13,781.00 | (850.00) | 12,931.00 | 12,931.00 | |
| Other Purchased Professional Services | | 7,135.00 | 7,135.00 | 7,135.00 | |
| Purchased Tech. Services | 3,500.00 | (1,734.00) | 1,766.00 | 1,765.87 | 0.13 |
| Communications/Telephone | 84,146.00 | (25,425.15) | 58,720.85 | 49,765.39 | 8,955.46 |
| BOE Other Purchased Services | 2,250.00 | (155.00) | 2,095.00 | 267.05 | 1,827.95 |
| Miscellaneous Purchased Services | 2,820.00 | (1,575.00) | 1,345.00 | 1,308.00 | 37.00 |
| General Supplies | 2,500.00 | (780.00) | 1,720.00 | 1,556.37 | 163.63 |
| Miscellaneous Expenditures | 3,050.00 | 500.00 | 3,550.00 | 3,541.25 | 8.75 |
| BOE Membership and Dues | 7,350.00 | 830.00 | 8,180.00 | 7,848.87 | 331.13 |
| Total Undist. Expend. - Support Services - General Administration | 369,885.00 | (14,932.46) | 354,952.54 | 341,233.43 | 13,519.11 |
| Undist. Expend. - Support Services - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | 189,418.00 | (5,000.00) | 184,418.00 | 184,004.40 | 413.60 |
| Salaries of Secretarial and Clerical Assistants | 209,944.00 | (13,500.00) | 196,444.00 | 195,626.07 | 817.93 |
| Other Purchased Services (400 - 500 series) | 5,904.00 | (469.99) | 5,434.01 | 5,434.01 | |
| Supplies and Materials | 8,239.00 | (207.97) | 8,031.03 | 7,898.59 | 132.44 |
| Other Objects | | 159.58 | 159.58 | 128.64 | 30.94 |
| Total Undist. Expend. - Support Services - School Administration | 413,505.00 | (19,018.38) | 394,486.62 | 393,091.71 | 1,394.91 |
| Undist. Expend. - Central Services: | | | | | |
| Salaries | 162,727.00 | | 162,727.00 | 160,561.11 | 2,165.89 |
| Purchased Professional Services | 9,000.00 | (1,148.00) | 7,852.00 | 7,542.62 | 309.38 |
| Misc. Purchased Services (400 - 500 series) | 1,300.00 | 438.00 | 1,738.00 | 1,737.07 | 0.93 |
| Supplies and Materials | 11,290.00 | (3,300.00) | 7,990.00 | 7,790.46 | 199.54 |
| Interest on Lease Purchase Agreements | | 500.00 | 500.00 | 500.00 | |
| Miscellaneous Expenditures | 1,085.00 | | 1,085.00 | 1,075.00 | 10.00 |
| Total Undist. Expend. - Central Services | 185,402.00 | (3,510.00) | 181,892.00 | 179,206.26 | 2,685.74 |
| Undist. Expend. - Admin. Info. Technology: | | | | | |
| Salaries | | | | | |
| Purchased Technical Services | 91,995.00 | 17,971.08 | 109,966.08 | 108,870.18 | 1,095.92 |
| Supplies and Materials | 6,975.00 | (882.00) | 6,093.00 | 5,539.38 | 553.62 |
| Total Undist. Expend. - Admin. Info. Technology | 98,970.00 | 17,089.08 | 116,059.08 | 114,409.54 | 1,649.54 |
| Undist. Expend. - Required Maintenance for School Facilities: | | | | | |
| Salaries | 169,758.00 | 7,901.00 | 177,659.00 | 177,658.60 | 0.40 |
| Cleaning, Repair and Maintenance Services | 66,057.00 | 55,882.00 | 121,919.00 | 96,775.74 | 25,143.26 |
| General Supplies | 16,470.00 | 2,345.68 | 18,815.68 | 16,979.16 | 1,836.52 |
| Other Objects | 720.00 | | 720.00 | 595.00 | 125.00 |
| Total Undist. Expend. - Required Maintenance for School Facilities | 253,005.00 | 66,108.68 | 319,113.68 | 282,008.50 | 27,105.18 |
| Undist. Expend. - Custodial Services: | | | | | |
| Salaries | 325,019.00 | (24,211.00) | 300,808.00 | 298,286.18 | 2,521.82 |
| Purchased Professional and Technical Services | 6,000.00 | 1,375.00 | 7,375.00 | 7,375.00 | |
| Cleaning, Repair and Maintenance Services | 24,782.00 | 3,001.00 | 27,783.00 | 23,030.61 | 4,752.39 |
| Rental of Land & Building Other Than Lease Purchase Agrmt | 700.00 | (202.00) | 498.00 | 498.00 | |
| Other Purchased Property Services | 57,450.00 | (4,000.00) | 53,450.00 | 28,129.55 | 27,320.45 |
| Insurance | 185,377.00 | (14,356.00) | 171,021.00 | 171,021.00 | |
| Miscellaneous Purchased Services | 23,150.00 | (5,720.00) | 17,430.00 | 17,430.00 | |
| General Supplies | 28,910.00 | 700.00 | 29,610.00 | 29,581.47 | 28.53 |
| Energy (Electricity) | 327,328.00 | 20,994.47 | 348,322.47 | 331,916.24 | 16,406.23 |
| Energy (Natural Gas) | 32,050.00 | 33,827.52 | 65,877.52 | 49,622.23 | 16,055.29 |
| Salaries of Non-Instructional Aides | 66,300.00 | (35,750.00) | 30,550.00 | 27,210.48 | 3,339.52 |
| Total Undist. Expend. - Custodial Services | 1,077,066.00 | (24,541.01) | 1,052,524.99 | 982,100.76 | 70,424.23 |
| Undist. Expend. - Care & Upkeep of Grounds: | | | | | |
| Cleaning, Repair and Maintenance Services | 9,275.00 | 2,229.00 | 11,504.00 | 7,405.44 | 4,098.56 |
| Total Care & Upkeep of Grounds | 9,275.00 | 2,229.00 | 11,504.00 | 7,405.44 | 4,098.56 |
| Undist. Expend. - Security: | | | | | |
| Salaries | 29,038.00 | 20,510.00 | 49,548.00 | 49,291.52 | 256.48 |
| Cleaning, Repair, and Maintenance Services | 25,800.00 | (3,824.00) | 21,976.00 | 17,937.93 | 4,038.07 |
| General Supplies | 2,125.00 | 12,410.90 | 14,535.90 | 14,498.85 | 37.05 |
| Total Security | 56,963.00 | 29,096.90 | 86,059.90 | 81,728.30 | 4,331.60 |
| Total Undist. Expend. - Operations & Maintenance of Plant | 1,396,309.00 | 72,893.57 | 1,469,202.57 | 1,363,243.00 | 105,959.57 |

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|----------------------|---------------------|----------------------|----------------------|--------------------------------|
| EXPENDITURES (continued) | | | | | |
| Undist. Expend. - Student Transportation Services: | | | | | |
| Salaries of Non-instructional Aides | 42,496.00 | (5,715.00) | 36,781.00 | 36,781.00 | |
| Salaries for Pupil Transp. (Bet. Home & School) - Regular | 20,479.00 | | 20,479.00 | 19,479.00 | 1,000.00 |
| Salaries for Pupil Transp. (Bet. Home & School) - Spec. Ed. | 20,479.00 | | 20,479.00 | 19,479.00 | 1,000.00 |
| Contracted Services (Bet. Home & School) - Vendors | 399,156.00 | | 399,156.00 | 378,442.83 | 20,713.17 |
| Contracted Services (Other Than Bet. Home & School) - Vendors | | 25,031.56 | 25,031.56 | 19,613.98 | 5,417.58 |
| Contracted Services (Regular Students) - ESCs & CTSA's | 38,800.00 | (20,649.00) | 18,151.00 | 18,151.00 | |
| Contracted Services (Special Ed. Students) - ESCs & CTSA's | 315,560.00 | (39,993.00) | 275,567.00 | 257,778.62 | 17,788.38 |
| Contracted Services - Aid in Lieu of Payments - NonPublic Sch. | 39,000.00 | | 39,000.00 | 31,017.28 | 7,982.72 |
| Total Undist. Expend. - Student Transportation Services | 875,970.00 | (41,325.44) | 834,644.56 | 762,591.71 | 72,052.85 |
| Regular Programs - Instruction - Employee Benefits: | | | | | |
| Tuition Reimbursement | 59,506.00 | (59,506.00) | | | |
| Total Regular Programs - Instruction - Employee Benefits | 59,506.00 | (59,506.00) | | | |
| Support Services - Central Services - Employee Benefits: | | | | | |
| Tuition Reimbursement | 1,400.00 | (1,400.00) | | | |
| Total Support Services - Central Services - Employee Benefits | 1,400.00 | (1,400.00) | | | |
| Total Allocated Benefits | 60,906.00 | (60,906.00) | | | |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contributions | 248,000.00 | (65,058.00) | 182,942.00 | 153,932.71 | 29,009.29 |
| Other Retirement Contributions - Regular | 210,143.00 | 6,278.00 | 216,421.00 | 216,421.00 | |
| Other Retirement Contributions - ERIP | | 5,415.00 | 5,415.00 | 4,351.68 | 1,063.32 |
| Unemployment Compensation | 38,500.00 | | 38,500.00 | 24,220.11 | 14,279.89 |
| Workmen's Compensation | 120,820.00 | (120,820.00) | | | |
| Health Benefits | 1,596,263.00 | 192,814.00 | 1,789,077.00 | 1,739,796.06 | 49,280.94 |
| Tuition Reimbursement | | 69,180.00 | 69,180.00 | 43,880.45 | 25,299.55 |
| Other Employee Benefits | 3,100.00 | 3,300.00 | 6,400.00 | 6,400.00 | |
| Total Unallocated Benefits | 2,216,826.00 | 91,109.00 | 2,307,935.00 | 2,189,002.01 | 118,932.99 |
| TPAF Post Retirement Medical (On-Behalf - Non-Budgeted) | | | | 380,420.00 | (380,420.00) |
| TPAF Pension NCGI Premium (On-Behalf - Non-Budgeted) | | | | 17,911.00 | (17,911.00) |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 468,961.11 | (468,961.11) |
| Total On-Behalf Contributions | | | | 867,292.11 | (867,292.11) |
| Total Personal Services - Employee Benefits | 2,277,732.00 | 30,203.00 | 2,307,935.00 | 3,056,294.12 | (748,359.12) |
| Total Undistributed Expenditures | 7,387,781.00 | 130,688.71 | 7,518,469.71 | 8,044,109.29 | (525,639.58) |
| Total Expenditures - Current Expense | 12,406,758.00 | 113,004.66 | 12,519,762.66 | 12,973,969.66 | (454,207.00) |

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final To Actual |
|--|--------------------|---------------------|-----------------|-----------------|--------------------------------|
| CAPITAL OUTLAY | | | | | |
| Interest Deposit To Capital Reserve | 61.00 | | 61.00 | | 61.00 |
| Equipment: | | | | | |
| Grades 1-5 | | 8,120.80 | 8,120.80 | 8,120.80 | |
| Grades 6-8 | | 27,720.10 | 27,720.10 | 27,720.10 | |
| Required Maintenance for School Facilities | | 8,575.00 | 8,575.00 | 8,575.00 | |
| Total Equipment | | 44,415.90 | 44,415.90 | 44,415.90 | |
| Facilities Acquisition and Construction Services: | | | | | |
| Land and Improvements | | 14,135.66 | 14,135.66 | 12,400.66 | 1,735.00 |
| Other Objects | 43,880.00 | | 43,880.00 | 43,880.00 | |
| Total Facilities Acquisition and Construction Services | 43,880.00 | 14,135.66 | 58,015.66 | 56,280.66 | 1,735.00 |
| Total Capital Outlay | 43,941.00 | 58,551.56 | 102,492.56 | 100,696.56 | 1,796.00 |
| SPECIAL SCHOOLS: | | | | | |
| Summer School - Support Services: | | | | | |
| Other Purchased Services (400 - 500 series) | 7,000.00 | | 7,000.00 | 7,000.00 | |
| Total Summer School - Support Services | 7,000.00 | | 7,000.00 | 7,000.00 | |
| Total Summer School | 7,000.00 | | 7,000.00 | 7,000.00 | |
| Total Special Schools | 7,000.00 | | 7,000.00 | 7,000.00 | |
| Transfer of Funds to Charter School | 1,650,404.00 | 56,073.00 | 1,706,477.00 | 1,690,504.00 | 15,973.00 |
| Total Expenditures | 14,108,103.00 | 227,629.22 | 14,335,732.22 | 14,772,170.22 | (436,438.00) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (122,776.00) | (227,629.22) | (350,405.22) | 10,936.04 | 361,341.26 |
| Fund Balances, July 1 | 1,025,700.22 | | 1,025,700.22 | 1,025,700.22 | |
| Fund Balances, June 30 | \$ 902,924.22 | \$ (227,629.22) | \$ 675,295.00 | \$ 1,036,636.26 | \$ 361,341.26 |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Reserved Excess Surplus: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | \$ 274,405.53 | |
| Capital Reserve | | | | 59,445.42 | |
| Maintenance Reserve | | | | 99,188.89 | |
| Assigned: | | | | | |
| Year-End Encumbrances | | | | 137,076.95 | |
| Designated for Subsequent Year's Expenditures | | | | 456,519.47 | |
| | | | | 1,036,636.26 | |
| Reconciliation To Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment Not Recognized on GAAP Basis | | | | (155,275.36) | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 881,360.90 | |

RED BANK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2011

| | Final <u>Budget</u> | Actual | Variance Final To <u>Actual</u> |
|---|------------------------|---------------------|---------------------------------------|
| REVENUES: | | | |
| Local Sources | \$ 79,023.86 | \$ 79,023.86 | |
| State Sources | 2,910,303.83 | 2,910,303.83 | |
| Federal Sources | <u>2,359,061.37</u> | <u>2,359,061.37</u> | |
| Total Revenues | <u>5,348,389.06</u> | <u>5,348,389.06</u> | |
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | 984,270.50 | 984,270.50 | |
| Other Salaries for Instruction | 360,527.52 | 360,527.52 | |
| Purchased Professional and Technical Services | 99,852.11 | 99,852.11 | |
| Purchased Professional - Educational Services | 215,664.00 | 215,664.00 | |
| Other Purchased Services | 226,137.00 | 226,137.00 | |
| General Supplies | 216,301.74 | 216,301.74 | |
| Textbooks | 32,910.00 | 32,910.00 | |
| Other Objects | <u>8,198.29</u> | <u>8,198.29</u> | |
| Total Instruction | <u>2,143,861.16</u> | <u>2,143,861.16</u> | |
| Support Services: | | | |
| Salaries | 230,900.62 | 230,900.62 | |
| Salaries of Other Staff | 23,387.00 | 23,387.00 | |
| Salaries of Program Directors | 59,600.00 | 59,600.00 | |
| Salaries of Other Professional Staff | 129,408.00 | 129,408.00 | |
| Salaries of Secr. And Clerical Assistants | 98,142.00 | 98,142.00 | |
| Other Salaries | 75,468.79 | 75,468.79 | |
| Salaries of Community Parent Involvement Spec. | 24,270.00 | 24,270.00 | |
| Salaries of Masters Teachers | 109,581.90 | 109,581.90 | |
| Personal Services - Employee Benefits | 729,501.54 | 729,501.54 | |
| Purchased Professional and Technical Services | 185,621.36 | 185,621.36 | |
| Purchased Educ. Services-Contracted Pre-K | 1,048,440.91 | 1,048,440.91 | |
| Purchased Professional - Educational Services | 19,920.14 | 19,920.14 | |
| Other Purchased Professional Services | 25,244.00 | 25,244.00 | |
| Cleaning, Repair, & Maintenance Services | 995.00 | 995.00 | |
| Rentals | 52,275.00 | 52,275.00 | |
| Contracted Transportation Serv. (Bet. Home & Sch) | 111,493.00 | 111,493.00 | |
| Contracted Transportation Serv. (Field Trips) | 5,000.00 | 5,000.00 | |
| Travel | 1,700.00 | 1,700.00 | |
| Other Purchased Services | 155,663.42 | 155,663.42 | |
| Supplies and Materials | 38,150.37 | 38,150.37 | |
| Other Objects | <u>29,916.35</u> | <u>29,916.35</u> | |
| Total Support Services | <u>3,154,679.40</u> | <u>3,154,679.40</u> | |
| Facilities Acquisition and Construction Services: | | | |
| Instructional Equipment | 45,168.50 | 45,168.50 | |
| Non-Instructional Equipment | <u>4,680.00</u> | <u>4,680.00</u> | |
| Total Facilities Acquisition and Construction Services | <u>49,848.50</u> | <u>49,848.50</u> | |
| Total Expenditures | <u>5,348,389.06</u> | <u>5,348,389.06</u> | |
| Total Outflows | <u>5,348,389.06</u> | <u>5,348,389.06</u> | |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses) | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RED BANK SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2011

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-------------------------|---------------------------------|
| SOURCES/INFLOWS OF RESOURCES | | |
| Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules | \$ 14,783,106.26 | \$ 5,348,389.06 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized: | | |
| Less: Current Year Encumbrances | | (396,406.16) |
| Add: Prior Year Encumbrances | | 322,402.24 |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 262,486.40 | 174,582.69 |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | <u>(155,275.36)</u> | <u>(278,284.64)</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 14,890,317.30</u> | <u>\$ 5,170,683.19</u> |
| USES/OUTFLOWS OF RESOURCES | | |
| Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule | \$ 14,772,170.22 | \$ 5,348,389.06 |
| Difference - budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: | | |
| Less: Current Year Encumbrances | | (396,406.16) |
| Add: Prior Year Encumbrances | | 322,402.24 |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 14,772,170.22</u> | <u>\$ 5,274,385.14</u> |

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

| | Nonpublic Aid | | | | | | | |
|---|---------------------|---------------------|---------------------|----------------------|--------------------|--------------------------------|---------------------|---------------------------|
| | Auxiliary Services | | | Handicapped Services | | | | |
| | Textbooks | Nursing | Comp. Ed. | ESL | Transportation | Examination and Classification | Corrective Speech | Supplementary Instruction |
| Revenues | | | | | | | | |
| Local Sources | \$ 32,910.00 | \$ 38,996.00 | \$ 67,819.00 | \$ 854.00 | \$ 5,888.00 | \$ 41,955.00 | \$ 34,422.00 | \$ 21,540.00 |
| State Sources | | | | | | | | |
| Federal Sources | | | | | | | | |
| Total Revenues | \$ 32,910.00 | \$ 38,996.00 | \$ 67,819.00 | \$ 854.00 | \$ 5,888.00 | \$ 41,955.00 | \$ 34,422.00 | \$ 21,540.00 |
| Expenditures | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | | | | | | | | |
| Other Salaries for Instruction | | | | | | | | |
| Purchased Professional and Technical Services | | | | | | | | |
| Purchased Professional - Educational Services | | \$ 38,996.00 | \$ 67,819.00 | \$ 854.00 | \$ 5,888.00 | \$ 41,955.00 | \$ 34,422.00 | \$ 21,540.00 |
| Other Purchased Services | | | | | | | | |
| General Supplies | | | | | | | | |
| Textbooks | \$ 32,910.00 | | | | | | | |
| Other Objects | | | | | | | | |
| Total Instruction | \$ 32,910.00 | \$ 38,996.00 | \$ 67,819.00 | \$ 854.00 | \$ 5,888.00 | \$ 41,955.00 | \$ 34,422.00 | \$ 21,540.00 |
| Support Services: | | | | | | | | |
| Salaries | | | | | | | | |
| Salaries of Supervisors of Instruction | | | | | | | | |
| Salaries of Program Directors | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | |
| Salaries of Sec. And Clerical Assistants | | | | | | | | |
| Other Salaries | | | | | | | | |
| Salaries of Community Parent Involvement Spec. | | | | | | | | |
| Salaries of Masters Teachers | | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | | |
| Purchased Professional and Technical Services | | | | | | | | |
| Purchased Educ. Services-Contracted Pre-K | | | | | | | | |
| Purchased Professional - Educational Services | | | | | | | | |
| Other Purchased Professional Services | | | | | | | | |
| Cleaning, Repair, & Maintenance Services | | | | | | | | |
| Rentals | | | | | | | | |
| Contracted Transportation Serv. (Bet. Home & Sch) | | | | | | | | |
| Contracted Transportation Serv. (Field Trips) | | | | | | | | |
| Travel | | | | | | | | |
| Other Purchased Services | | | | | | | | |
| Supplies and Materials | | | | | | | | |
| Other Objects | | | | | | | | |
| Total Support Services | | | | | | | | |
| Facilities Acquisition and Construction Services: | | | | | | | | |
| Instructional Equipment | | | | | | | | |
| Non-Instructional Equipment | | | | | | | | |
| Total Facilities Acquisition and Construction Services | | | | | | | | |
| Total Expenditures | \$ 32,910.00 | \$ 38,996.00 | \$ 67,819.00 | \$ 854.00 | \$ 5,888.00 | \$ 41,955.00 | \$ 34,422.00 | \$ 21,540.00 |

RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

| | 21st Century Grant Year 1 | 21st Century Grant Year 2/3 | 21st Century Grant Cohort 4, 5, & 6 | FLAP Grant | Preschool Education Aid | CHIPRA Outreach | JR League Donation | Donations Sports |
|--|---------------------------|-----------------------------|-------------------------------------|--------------|-------------------------|-----------------|--------------------|------------------|
| Revenues | | | | | | | | |
| Local Sources | | | | | | | | |
| State Sources | | | | | | | | |
| Federal Sources | | | | | | | | |
| Total Revenues | \$ 37,080.75 | \$ 59,698.66 | \$ 467,291.94 | \$ 22,294.00 | \$ 2,639,137.01 | \$ 26,782.82 | \$ 355.21 | \$ 280.00 |
| Expenditures | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | | | | | | | | |
| Other Salaries for Instruction | \$ 10,436.00 | | \$ 231,937.00 | \$ 8,113.90 | \$ 436,568.00 | | \$ 355.21 | |
| Purchased Professional and Technical Services | | \$ 15,310.00 | 29,000.00 | | 205,543.95 | | | |
| Purchased Professional - Educational Services | 2,372.00 | 5,300.00 | 15,560.70 | 1,425.00 | 5,161.00 | | | |
| General Supplies | 2,075.00 | | | 1,059.23 | 59,766.16 | | | |
| Textbooks | | | | | | | | |
| Other Objects | | 4,743.79 | 3,454.50 | | | | | |
| Total Instruction | 14,883.00 | 25,353.79 | 279,952.20 | 10,598.13 | 707,041.11 | | 355.21 | 280.00 |
| Support Services: | | | | | | | | |
| Salaries | | | | | | | | |
| Salaries of Other Staff | 11,406.50 | 10,162.00 | 73,023.00 | 341.00 | | \$ 6,270.00 | | |
| Salaries of Supervisors of Instruction | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | |
| Salaries of Sec. And Clerical Assistants | 2,890.00 | | | | | | | |
| Other Salaries | | | | | | | | |
| Salaries of Community Parent Involvement Spec. | | | | | | | | |
| Salaries of Masters Teachers | | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | | |
| Purchased Professional and Technical Services | 2,000.00 | 12,804.62 | 33,656.86 | 11,341.24 | 399,950.24 | 479.55 | | |
| Purchased Educ. Services-Contracted Pre-K | | | 25,000.00 | | | 19,500.00 | | |
| Purchased Professional - Educational Services | | | | | | | | |
| Other Purchased Professional Services | | | | | | | | |
| Cleaning, Repair, & Maintenance Services | | | | | | | | |
| Rentals | | | | | | | | |
| Contracted Transportation Serv. (Bei. Home & Sch) | | | | | | | | |
| Contracted Transportation Serv. (Field Trips) | | | | | | | | |
| Travel | | | | | | | | |
| Other Purchased Services | 5,901.25 | 11,378.25 | 54,992.91 | | 10,028.00 | 329.67 | | |
| Supplies and Materials | | | 666.97 | 13.63 | | 203.60 | | |
| Other Objects | | | | | | | | |
| Total Support Services | 22,197.75 | 34,344.87 | 187,339.74 | 11,695.87 | 1,932,095.90 | 26,782.82 | | |
| Facilities Acquisition and Construction Services: | | | | | | | | |
| Instructional Equipment | | | | | | | | |
| Non-Instructional Equipment | | | | | | | | |
| Total Facilities Acquisition and Construction Services | | | | | | | | |
| Total Expenditures | \$ 37,080.75 | \$ 59,698.66 | \$ 467,291.94 | \$ 22,294.00 | \$ 2,639,137.01 | \$ 26,782.82 | \$ 355.21 | \$ 280.00 |

RED BANK SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

| | Anonymous Donation | Private Donation | Health Fair Rotary | NJSBIG Safety Grant | ACNJ P-3 Initiative | Novobilsky Library | Polonsky Library | Professional Pest Management Grant | Totals |
|---|-----------------------|---------------------|-----------------------|------------------------|------------------------|-----------------------|---------------------|---|------------------------|
| <u>Revenues</u> | | | | | | | | | |
| Local Sources | \$ 21,186.93 | \$ 15,439.93 | \$ 579.80 | \$ 8,096.03 | \$ 27,492.44 | \$ 1,896.81 | \$ 1,318.55 | \$ 2,378.16 | \$ 79,023.86 |
| State Sources | | | | | | | | | 2,910,303.83 |
| Federal Sources | | | | | | | | | 2,359,061.37 |
| <u>Total Revenues</u> | <u>\$ 21,186.93</u> | <u>\$ 15,439.93</u> | <u>\$ 579.80</u> | <u>\$ 8,096.03</u> | <u>\$ 27,492.44</u> | <u>\$ 1,896.81</u> | <u>\$ 1,318.55</u> | <u>\$ 2,378.16</u> | <u>\$ 5,348,389.06</u> |
| <u>Expenditures</u> | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of Teachers | \$ 1,067.00 | \$ 8,928.00 | | | | | | | \$ 984,270.50 |
| Other Salaries for Instruction | | | | | | | | | 360,527.52 |
| Purchased Professional and Technical Services | 100.00 | 3,600.00 | | | | | | | 99,852.11 |
| Purchased Professional - Educational Services | 590.00 | | | | | | | | 215,664.00 |
| Other Purchased Services | 120.00 | | | | | | | | 226,137.00 |
| General Supplies | 3,441.18 | 1,728.93 | \$ 579.80 | | | \$ 1,896.81 | \$ 1,318.55 | \$ 2,378.16 | 216,301.74 |
| Textbooks | | | | | | | | | 32,910.00 |
| Other Objects | | | | | | | | | 8,198.29 |
| <u>Total Instruction</u> | <u>5,318.18</u> | <u>14,256.93</u> | <u>579.80</u> | | | <u>1,896.81</u> | <u>1,318.55</u> | <u>2,378.16</u> | <u>2,143,861.16</u> |
| Support Services: | | | | | | | | | |
| Salaries | 3,860.00 | | | | \$ 10,337.00 | | | | 230,900.62 |
| Salaries of Other Staff | | | | | | | | | 23,387.00 |
| Salaries of Supervisors of Instruction | | | | | | | | | 59,600.00 |
| Salaries of Other Professional Staff | | | | | | | | | 129,408.00 |
| Salaries of Secr. And Clerical Assistants | | | | | | | | | 98,142.00 |
| Other Salaries | | | | | | | | | 75,488.79 |
| Salaries of Community Parent Involvement Spec. | | | | | | | | | 24,270.00 |
| Salaries of Masters Teachers | | | | | | | | | 109,581.90 |
| Personal Services - Employee Benefits | | 683.00 | | | 564.00 | | | | 729,501.54 |
| Purchased Professional and Technical Services | | | | | 12,800.00 | | | | 185,621.36 |
| Purchased Educ. Services-Contracted Pre-K | | | | | | | | | 1,048,440.91 |
| Purchased Professional - Educational Services | | | | | 969.55 | | | | 19,920.14 |
| Other Purchased Professional Services | 10,950.59 | | | | | | | | 25,244.00 |
| Cleaning, Repair, & Maintenance Services | | | | | | | | | 995.00 |
| Rentals | | | | | | | | | 52,275.00 |
| Contracted Transportation Serv. (Bet. Home & Sch) | | | | | | | | | 111,493.00 |
| Contracted Transportation Serv. (Field Trips) | | | | | | | | | 5,000.00 |
| Travel | | | | | | | | | 1,700.00 |
| Other Purchased Services | 300.00 | 500.00 | | \$ 8,096.03 | 621.00 | | | | 155,663.42 |
| Supplies and Materials | 758.16 | | | | 2,200.89 | | | | 38,150.37 |
| Other Objects | | | | | | | | | 29,916.35 |
| <u>Total Support Services</u> | <u>15,868.75</u> | <u>1,183.00</u> | | <u>8,096.03</u> | <u>27,492.44</u> | | | | <u>3,154,679.40</u> |
| Facilities Acquisition and Construction Services: | | | | | | | | | |
| Instructional Equipment | | | | | | | | | 45,168.50 |
| Non-Instructional Equipment | | | | | | | | | 4,680.00 |
| <u>Total Facilities Acquisition and Construction Services</u> | | | | | | | | | <u>49,848.50</u> |
| <u>Total Expenditures</u> | <u>\$ 21,186.93</u> | <u>\$ 15,439.93</u> | <u>\$ 579.80</u> | <u>\$ 8,096.03</u> | <u>\$ 27,492.44</u> | <u>\$ 1,896.81</u> | <u>\$ 1,318.55</u> | <u>\$ 2,378.16</u> | <u>\$ 5,348,389.06</u> |

RED BANK SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS

For the fiscal year ended June 30, 2011

| <u>DISTRICT-WIDE TOTALS</u> | 2011 <u>Budgeted</u> | 2011 <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|------------------------|---------------------|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 436,568.00 | \$ 436,568.00 | |
| Other Salaries for Instruction | 205,543.95 | 205,543.95 | |
| Other Purchased Services | 5,161.00 | 5,161.00 | |
| General Supplies | <u>71,405.62</u> | <u>59,768.16</u> | <u>\$ 11,637.46</u> |
| Total Instruction | <u>718,678.57</u> | <u>707,041.11</u> | <u>11,637.46</u> |
| Support Services: | | | |
| Salaries of Other Staff | 23,387.00 | 23,387.00 | |
| Salaries of Program Directors | 15,600.00 | 15,600.00 | |
| Salaries of Other Professional Staff | 131,579.46 | 129,408.00 | 2,171.46 |
| Salaries of Secr. And Clerical Assistants | 37,239.00 | 37,239.00 | |
| Other Salaries | 42,534.19 | 42,534.19 | |
| Salaries of Community Parent Involvement Spec. | 24,270.00 | 24,270.00 | |
| Salaries of Masters Teachers | 109,581.90 | 109,581.90 | |
| Personal Services - Employee Benefits | 399,950.24 | 399,950.24 | |
| Purchased Educ. Services-Contracted Pre-K | 959,045.76 | 952,134.57 | 6,911.19 |
| Purchased Professional - Educational Services | 8,348.58 | 8,000.00 | 348.58 |
| Other Purchased Professional Services | 8,500.00 | 8,500.00 | |
| Cleaning, Repair, & Maintenance Services | 995.00 | 995.00 | |
| Rentals | 52,275.00 | 52,275.00 | |
| Contracted Transportation Serv. (Bet. Home & Sch) | 111,493.00 | 111,493.00 | |
| Contracted Transportation Serv. (Field Trips) | 5,000.00 | 5,000.00 | |
| Travel | 1,700.00 | 1,700.00 | |
| Supplies and Materials | <u>10,028.00</u> | <u>10,028.00</u> | |
| Total Support Services | <u>1,941,527.13</u> | <u>1,932,095.90</u> | <u>9,431.23</u> |
| Total Expenditures | <u>\$ 2,660,205.70</u> | <u>\$ 2,639,137.01</u> | <u>\$ 21,068.69</u> |

SUMMARY OF LOCATION TOTALS

| | |
|---|-----------------------------|
| Total revised Preschool Education Aid Allocation | \$ 2,635,385.00 |
| Add: Actual ECPA/PEA Carryover (June 30, 2010) | 17,682.91 |
| Add: Prior Year Cancelled Encumbrances | 24,820.70 |
| Add: Budgeted Transfer from the General Fund 2010-11 | <u> </u> |
| Total Preschool Education Aid Funds Available for 2010/11 Budget | 2,677,888.61 |
| Less: | |
| 2009/10 Budgeted Preschool Education Aid (Including prior-year budget carryover) | <u>(2,660,205.70)</u> |
| Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2011 | 17,682.91 |
| Add: | |
| June 30, 2011 Unexpended Preschool Education Aid | <u>21,068.69</u> |
| 2010/11 Carryover - Preschool Education Aid/Preschool | <u>\$ 38,751.60</u> |
| 2010/11 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011/12 | <u>\$ 38,751.60</u> |

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

RED BANK SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the year ended June 30, 2011

| <u>Project Title/Issue</u> | <u>Date</u> | <u>Original Appropriations</u> | <u>Expenditures To Date</u> | | <u>Unexpended Balance</u> |
|--|-------------|------------------------------------|-----------------------------|-------------------------|-------------------------------|
| | | | <u>Prior Years</u> | <u>Current Year</u> | |
| Renovations, Improvements and Various Acquisitions for the Middle School | 08/24/00 | <u>\$ 11,275,000.00</u> | <u>\$ 11,176,749.41</u> | <u>\$ 0.00</u> | <u>\$ 98,250.59</u> |
| Unexpended Balance | | | | | \$ 98,250.59 |
| Balance of SCC Grant | | | | | <u>(38,070.18)</u> |
| Fund Balance (B-2) | | | | | <u>\$ 60,180.41</u> |

RED BANK SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS

For the year ended June 30, 2011

| | |
|---|----------------------------|
| Revenues and Other Financing Sources: | |
| State Sources - SCC Grant | |
| Bond Proceeds and Transfers | _____ |
| Total Revenues | _____ |
| Expenditures and Other Financing Sources: | |
| Purchased Professional and Technical Services | |
| Construction Services | |
| Supplies | _____ |
| Total Expenditures | _____ |
| Excess/(Deficiency) of Revenues | |
| Over/(Under) Expenditures | _____ |
| Fund Balance - July 1 | <u>\$ 60,180.41</u> |
| Fund Balance - June 30 | <u><u>\$ 60,180.41</u></u> |

RED BANK SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

RENOVATIONS, IMPROVEMENTS AND VARIOUS ACQUISITIONS FOR MIDDLE SCHOOL

From inception and for the year ended June 30, 2011

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|-------------------------|----------------------|--|
| Revenues and Other Financing Sources: | | | | |
| State Sources - SCC Grant | \$ 4,471,929.82 | | \$ 4,471,929.82 | \$ 4,510,000.00 |
| Bond Proceeds and Transfers | <u>6,765,000.00</u> | | <u>6,765,000.00</u> | <u>6,765,000.00</u> |
| Total Revenues | <u>11,236,929.82</u> | | <u>11,236,929.82</u> | <u>11,275,000.00</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased Professional and Technical Services | 1,263,859.83 | | 1,263,859.83 | 1,270,000.00 |
| Construction Services | 9,844,714.52 | | 9,844,714.52 | 9,905,000.00 |
| Supplies | <u>68,175.06</u> | | <u>68,175.06</u> | <u>100,000.00</u> |
| Total Expenditures | <u>11,176,749.41</u> | | <u>11,176,749.41</u> | <u>11,275,000.00</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>\$ 60,180.41</u> | <u>\$ 0.00</u> | <u>\$ 60,180.41</u> | <u>\$ 0.00</u> |
| Additional Project Information: | | | | |
| Project Date | 08/24/00 | | | |
| Grant Date | 08/31/00 | | | |
| Bond Authorization Date | 11/06/00 | | | |
| Bonds Authorized | \$ 6,765,000 | | | |
| Bonds Issued | 6,760,000 | | | |
| Original Authorization Cost | 11,275,000 | | | |
| Additional Authorization Cost | N/A | | | |
| Revised Authorization Cost | N/A | | | |
| Percentage Increase over Original Authorized Cost | N/A | | | |
| Percentage Completion | 99% | | | |
| Original Target Completion Date | 09/03 | | | |
| Revised Target Completion Date | N/A | | | |

PROPRIETARY FUND
DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

RED BANK SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS

June 30, 2011

| | <u>Agency Funds</u> | | <u>Totals</u> |
|--|-----------------------------|---------------------|---|
| | <u>Student Activity</u> | <u>Payroll</u> | |
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | <u>\$ 34,509.35</u> | <u>\$ 76,077.05</u> | <u>\$ 110,586.40</u> |
| Total Assets | <u>\$ 34,509.35</u> | <u>\$ 76,077.05</u> | <u>\$ 110,586.40</u> |
| <u>Liabilities</u> | | | |
| Payroll Deductions and Withholdings Due To Student Groups | <u>\$ 34,509.35</u> | <u>\$ 76,077.05</u> | <u>\$ 76,077.05</u> <u>34,509.35</u> |
| Total Liabilities | <u>\$ 34,509.35</u> | <u>\$ 76,077.05</u> | <u>\$ 110,586.40</u> |

RED BANK SCHOOL DISTRICT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2011

| | Balance July 1, <u>2010</u> | Cash <u>Receipts</u> | Cash <u>Disbursements</u> | Balance June 30, <u>2011</u> |
|---------------------|-----------------------------------|-------------------------|------------------------------|------------------------------------|
| Elementary Schools: | | | | |
| Primary School | \$ 9,454.10 | \$ 6,358.02 | \$ 6,445.33 | \$ 9,366.79 |
| Middle School | <u>21,374.54</u> | <u>32,882.14</u> | <u>29,114.12</u> | <u>25,142.56</u> |
| Total Assets | <u>\$ 30,828.64</u> | <u>\$ 39,240.16</u> | <u>\$ 35,559.45</u> | <u>\$ 34,509.35</u> |

RED BANK SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2011

| | Balance July 1, <u>2010</u> | <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2011</u> |
|--|-----------------------------------|------------------------|------------------------|------------------------------------|
| <u>Assets</u> | | | | |
| Cash | <u>\$ 76,928.70</u> | <u>\$ 4,447,533.26</u> | <u>\$ 4,448,384.91</u> | <u>\$ 76,077.05</u> |
| Total Assets | <u>\$ 76,928.70</u> | <u>\$ 4,447,533.26</u> | <u>\$ 4,448,384.91</u> | <u>\$ 76,077.05</u> |
| <u>Liabilities</u> | | | | |
| Payroll Deductions and Withholdings | <u>\$ 76,928.70</u> | <u>\$ 4,447,533.26</u> | <u>\$ 4,448,384.91</u> | <u>\$ 76,077.05</u> |
| Total Liabilities | <u>\$ 76,928.70</u> | <u>\$ 4,447,533.26</u> | <u>\$ 4,448,384.91</u> | <u>\$ 76,077.05</u> |

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

RED BANK SCHOOL DISTRICT
STATEMENT OF SERIAL BONDS

June 30, 2011

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2010</u> | <u>Retired</u> | <u>Balance June 30, 2011</u> |
|-----------------|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Refunding Bonds | 07/01/05 | \$ 4,690,000.00 | 05/01/12 | \$ 350,000.00 | 3.500% | | | |
| | | | 05/01/13 | 345,000.00 | 4.750% | | | |
| | | | 05/01/14-15 | 360,000.00 | 4.750% | | | |
| | | | 05/01/16 | 370,000.00 | 4.500% | | | |
| | | | 05/01/17-18 | 410,000.00 | 4.500% | | | |
| | | | 05/01/19 | 405,000.00 | 4.500% | | | |
| | | | 05/01/20 | 440,000.00 | 4.500% | | | |
| | | | 05/01/21 | 430,000.00 | 4.000% | | | |
| | | | | | | \$ 4,230,000.00 | \$ 350,000.00 | \$ 3,880,000.00 |
| | | | | | | \$ 4,230,000.00 | \$ 350,000.00 | \$ 3,880,000.00 |

RED BANK SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 For the fiscal year ended June 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive/(Negative) Final To Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-----------------------|---|
| <u>Revenues</u> | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 578,280.00 | _____ | \$ 578,280.00 | \$ 578,280.00 | _____ |
| Total Revenues | <u>578,280.00</u> | _____ | <u>578,280.00</u> | <u>578,280.00</u> | _____ |
| <u>Expenditures</u> | | | | | |
| Regular Debt Service: | | | | | |
| Interest on Bonds | 224,283.00 | \$ (15,000.00) | 209,283.00 | 189,528.28 | \$ 19,754.72 |
| Redemption of Principal | 372,570.00 | 15,000.00 | 387,570.00 | 387,569.38 | 0.62 |
| Total Regular Debt Service | <u>596,853.00</u> | _____ | <u>596,853.00</u> | <u>577,097.66</u> | <u>19,755.34</u> |
| Total Expenditures | <u>596,853.00</u> | _____ | <u>596,853.00</u> | <u>577,097.66</u> | <u>19,755.34</u> |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures | (18,573.00) | | (18,573.00) | 1,182.34 | 19,755.34 |
| Fund Balance, July 1 | <u>(13,558.28)</u> | _____ | <u>(13,558.28)</u> | <u>(13,558.28)</u> | _____ |
| Fund Balance, June 30 | <u>\$ (32,131.28)</u> | <u>\$ 0.00</u> | <u>\$ (32,131.28)</u> | <u>\$ (12,375.94)</u> | <u>\$ 19,755.34</u> |
| Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures | | | | | |
| Budgeted Fund Balance | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> |

RED BANK SCHOOL DISTRICT
STATEMENT OF LOANS PAYABLE - N.J.E.D.A.

June 30, 2011

| <u>Loan Number</u> | <u>Interest Rate Payable</u> | <u>Amount of Original Loan</u> | <u>Balance June 30, 2010</u> | <u>Retired</u> | <u>Balance June 30, 2011</u> |
|--------------------------------|------------------------------|--------------------------------|------------------------------|---------------------|------------------------------|
| NJ Economic Development Loans: | | | | | |
| 266-93 | 1.50% | \$ 107,250.00 | \$ 22,578.96 | \$ 5,644.74 | \$ 16,934.22 |
| 114-93 | 5.28% | 213,750.00 | 59,427.43 | 13,917.03 | 45,510.40 |
| 114-93 | 1.50% | 71,250.00 | 15,000.00 | 3,750.00 | 11,250.00 |
| 286-93 | 5.28% | 172,500.00 | 47,958.99 | 11,231.29 | 36,727.70 |
| 286-93 | 1.50% | 57,500.00 | 12,105.20 | 3,026.32 | 9,078.88 |
| | | | <u>\$ 157,070.58</u> | <u>\$ 37,569.38</u> | <u>\$ 119,501.20</u> |

STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

RED BANK SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | June 30, | | | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Government Activities: | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 9,560,165.67 | \$ 10,763,848.30 | \$ 10,622,026.66 | \$ 10,452,050.67 | \$ 10,400,190.13 | \$ 10,363,868.00 | \$ 10,550,530.35 | \$ 10,849,837.93 | \$ 10,896,274.39 |
| Restricted | 1,151,822.10 | 579,501.78 | 662,349.39 | 1,233,737.10 | 2,033,830.95 | 2,028,399.00 | 1,954,587.02 | 608,027.36 | 493,220.25 |
| Unrestricted | 753,148.85 | 384,800.48 | 389,110.82 | 315,064.90 | 91,519.48 | 252,506.00 | 230,996.58 | (10,136.44) | 114,756.08 |
| Total Government Activities Net Assets | \$ 11,465,136.62 | \$ 11,728,150.56 | \$ 11,673,486.87 | \$ 12,000,852.67 | \$ 12,525,540.56 | \$ 12,654,793.00 | \$ 12,736,113.95 | \$ 11,447,728.85 | \$ 11,504,250.72 |
| Business-Type Activities: | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 38,662.71 | \$ 37,614.72 | \$ 33,496.44 | \$ 29,378.19 | \$ 32,808.99 | \$ 34,223.00 | \$ 35,631.09 | \$ 47,218.76 | \$ 39,772.62 |
| Unrestricted | 41,410.09 | 56,520.69 | 72,511.26 | 90,006.79 | 124,201.89 | 135,428.00 | 181,648.47 | 236,581.50 | 280,383.67 |
| Total Business-Type Activities Net Assets | \$ 80,072.80 | \$ 94,135.41 | \$ 106,007.70 | \$ 119,384.98 | \$ 157,010.88 | \$ 169,651.00 | \$ 217,279.56 | \$ 283,800.26 | \$ 320,156.29 |
| District-wide: | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 9,598,828.38 | \$ 10,801,463.02 | \$ 10,655,523.10 | \$ 10,481,428.86 | \$ 10,432,999.12 | \$ 10,398,111.00 | \$ 10,586,161.44 | \$ 10,897,056.69 | \$ 10,936,047.01 |
| Restricted | 1,151,822.10 | 579,501.78 | 662,349.39 | 1,233,737.10 | 2,033,830.95 | 2,028,399.00 | 1,954,587.02 | 608,027.36 | 493,220.25 |
| Unrestricted | 794,558.94 | 441,321.17 | 461,622.08 | 405,071.69 | 215,721.37 | 397,934.00 | 412,645.05 | 228,445.06 | 395,139.75 |
| Total District Net Assets | \$ 11,545,209.42 | \$ 11,822,285.97 | \$ 11,779,494.57 | \$ 12,120,237.65 | \$ 12,882,551.44 | \$ 12,824,444.00 | \$ 12,953,393.51 | \$ 11,731,529.11 | \$ 11,824,407.01 |

Bond Issue Cash, which was included in the Capital Asset line of Governmental Activities in prior years, is now included in the Restricted Reserve line.

RED BANK SCHOOL DISTRICT
CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Expenses: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Regular | \$ (4,803,756.64) | \$ (5,138,169.74) | \$ (5,990,628.12) | \$ (6,244,257.27) | \$ (6,944,763.66) | \$ (7,011,619.00) | \$ (7,704,501.16) | \$ (8,591,174.59) | \$ (8,446,610.40) |
| Special Education | (849,938.52) | (789,068.61) | (628,118.54) | (849,210.00) | (631,071.79) | (1,047,640.00) | (918,243.45) | (1,367,417.05) | (1,273,865.14) |
| Other Special Education | (329,617.34) | (424,184.74) | (415,064.93) | (445,334.81) | (346,361.63) | (672,273.00) | (658,315.85) | (619,453.20) | (592,289.02) |
| Other Instruction | (55,780.08) | (60,908.86) | (78,104.89) | (59,359.83) | (58,069.22) | (52,053.00) | (46,022.70) | (328,220.01) | (244,607.19) |
| Support Services: | | | | | | | | | |
| Tuition | (461,850.75) | (802,062.08) | (487,248.82) | (511,764.69) | (459,593.13) | (436,330.00) | (416,493.28) | (562,113.35) | (472,193.33) |
| Student and Instruction Related Services | (1,718,617.07) | (2,087,116.14) | (2,234,129.11) | (2,062,912.75) | (2,128,693.34) | (2,392,611.00) | (2,590,291.60) | (3,744,417.62) | (4,672,953.00) |
| School Administrative Services | (685,986.09) | (700,236.44) | (444,177.92) | (492,491.62) | (449,478.68) | (604,092.00) | (555,760.05) | (547,087.32) | 208,272.99 |
| General Administration | (935,113.27) | (838,975.95) | (709,862.52) | (592,733.63) | (469,149.90) | (427,890.00) | (408,150.07) | (402,479.49) | (415,876.18) |
| Central Services | | | | | (208,993.73) | (247,919.00) | (200,578.19) | (212,192.37) | (201,406.17) |
| Administrative Information Technology | | | | | (16,598.24) | (86,672.00) | (294,104.66) | (26,322.37) | (114,409.54) |
| Plant Operations and Maintenance | (1,146,029.84) | (1,246,532.02) | (1,357,465.55) | (1,235,766.57) | (1,297,154.30) | (1,292,536.00) | (1,597,577.47) | (1,308,837.57) | (1,585,189.23) |
| Pupil Transportation | (736,359.89) | (852,573.89) | (875,660.49) | (866,535.79) | (816,740.99) | (933,035.00) | (898,900.48) | (879,177.62) | (909,803.40) |
| Special Schools | (15,056.88) | (3,859.62) | (2,650.01) | (44,508.63) | (42,981.00) | (96,407.00) | (41,008.78) | (53,457.57) | (7,000.00) |
| Charter Schools | (1,187,013.00) | (1,425,252.00) | (1,503,839.30) | (1,568,747.00) | (1,710,147.00) | (1,747,016.00) | (1,840,647.00) | (1,799,071.00) | (1,690,604.00) |
| Interest on Long-Term Debt | (355,384.02) | (332,186.36) | (320,596.95) | (208,705.18) | (250,592.97) | (230,951.00) | (218,538.06) | (191,453.85) | (159,297.29) |
| Unallocated Depreciation | (138,451.00) | (170,943.00) | (394,402.00) | (394,772.52) | (406,389.00) | (8,786.00) | (36,728.81) | | (5,017.72) |
| Total Governmental Activities Expenses | (13,418,934.39) | (14,872,669.45) | (15,441,989.15) | (15,577,100.29) | (16,238,736.58) | (17,247,820.00) | (18,385,861.61) | (20,631,874.98) | (20,582,758.62) |
| Business-Type Activities: | | | | | | | | | |
| Food Service | (309,438.67) | (309,444.33) | (344,424.54) | (363,676.94) | (363,091.98) | (442,721.00) | (467,323.28) | (515,170.42) | (575,617.07) |
| Total Business-Type Activities Expenses | (309,438.67) | (309,444.33) | (344,424.54) | (363,676.94) | (363,091.98) | (442,721.00) | (467,323.28) | (515,170.42) | (575,617.07) |
| Total District Expenses | \$ (13,728,373.06) | \$ (15,182,113.78) | \$ (15,786,383.69) | \$ (15,940,777.23) | \$ (16,601,828.56) | \$ (17,690,541.00) | \$ (18,853,184.89) | \$ (21,147,045.40) | \$ (21,158,375.69) |
| Program Revenues: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Charges for Services: | | | | | | | | | |
| Instruction (Tuition) | 13,663.20 | | 6,000.00 | 1,500.00 | 35,880.84 | 52,589.00 | 46,735.00 | 102,314.14 | 40,803.14 |
| Operating Grants and Contributions | 221,727.00 | 352,773.45 | 225,338.20 | 224,256.30 | 223,155.00 | 221,727.00 | 43,611.00 | 59,791.00 | 3,589.00 |
| Capital Grants and Contributions | 2,275,569.11 | 336,232.76 | 8,705.77 | | | | | | |
| Total Governmental Activities Program Revenues | 2,510,959.31 | 689,006.21 | 240,043.97 | 225,756.30 | 259,035.84 | 274,316.00 | 90,346.00 | 162,105.14 | 44,402.14 |

RED BANK SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | June 30, | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Business-Type Activities: | | | | | | | | | |
| Charges for Services: | | | | | | | | | |
| Food Service | 64,792.59 | 64,527.42 | 73,366.93 | 71,907.74 | 77,122.12 | 92,467.00 | 102,516.67 | 126,463.04 | 129,241.77 |
| Operating Grants and Contributions | 247,591.05 | 258,979.52 | 282,929.90 | 305,146.48 | 322,198.71 | 362,493.00 | 411,041.55 | 454,804.90 | 482,508.99 |
| Total Business-Type Activities Program Revenues | 312,383.64 | 323,506.94 | 356,296.83 | 377,054.22 | 399,320.83 | 454,960.00 | 513,558.22 | 581,267.94 | 611,750.76 |
| Total District Program Revenues | \$ 2,823,342.95 | \$ 1,012,513.15 | \$ 596,340.80 | \$ 602,810.52 | \$ 658,356.67 | \$ 729,276.00 | \$ 603,904.22 | \$ 743,373.08 | \$ 656,152.90 |
| Net (Expense)/Revenue: | | | | | | | | | |
| Governmental Activities | \$ (10,907,975.08) | \$ (14,183,663.24) | \$ (15,201,925.18) | \$ (15,351,343.99) | \$ (15,979,700.74) | \$ (16,973,504.00) | \$ (18,295,515.61) | \$ (20,469,769.84) | \$ (20,538,356.48) |
| Business-Type Activities | 2,944.97 | 14,062.61 | 11,872.29 | 13,377.28 | 36,228.85 | 12,239.00 | 46,234.94 | 66,097.52 | 36,133.69 |
| Total District-wide Net (Expense)/Revenue | \$ (10,905,030.11) | \$ (14,169,600.63) | \$ (15,190,052.89) | \$ (15,337,966.71) | \$ (15,943,471.89) | \$ (16,961,265.00) | \$ (18,249,280.67) | \$ (20,403,672.32) | \$ (20,502,222.79) |
| General Revenues and Other Changes in Net Assets: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 8,484,412.00 | \$ 9,929,441.00 | \$ 10,307,894.00 | \$ 10,624,703.00 | \$ 11,076,997.00 | \$ 11,348,742.00 | \$ 11,604,290.00 | \$ 11,604,290.00 | \$ 12,039,451.00 |
| Taxes Levied for Debt Service | 787,304.00 | 815,123.00 | 632,045.00 | 617,410.00 | 603,891.00 | 606,821.00 | 604,984.00 | 523,282.00 | 578,280.00 |
| Unrestricted Grants and Contributions | 3,887,982.10 | 3,811,224.31 | 4,167,572.59 | 4,456,013.68 | 4,641,034.85 | 4,900,188.00 | 5,831,460.01 | 6,943,261.79 | 7,864,191.59 |
| Investment Earnings | 32,288.09 | 14,576.55 | 26,444.17 | 56,475.76 | 131,889.25 | 125,693.00 | 31,124.10 | 5,921.35 | 2,966.95 |
| Miscellaneous Income | 79,749.24 | 76,312.32 | 13,315.73 | (77,892.65) | 50,566.63 | 121,342.00 | 304,978.45 | 104,649.60 | 109,988.81 |
| Transfers | | | | | | | | | |
| Total Governmental Activities | 13,271,735.43 | 14,446,677.18 | 15,147,261.49 | 15,678,709.79 | 16,504,388.63 | 17,102,756.00 | 18,376,836.56 | 19,181,384.74 | 20,594,878.35 |
| Business-Type Activities: | | | | | | | | | |
| Investment Earnings | | | | | 1,377.85 | 401.00 | 1,393.62 | 423.18 | 222.34 |
| Miscellaneous | 34.83 | | | | 19.20 | | | | |
| Total Business-Type Activities | 34.83 | | | | 1,397.05 | 401.00 | 1,393.62 | 423.18 | 222.34 |
| Total District-wide | \$ 13,271,770.26 | \$ 14,446,677.18 | \$ 15,147,261.49 | \$ 15,678,709.79 | \$ 16,505,785.68 | \$ 17,103,157.00 | \$ 18,378,230.18 | \$ 19,181,807.92 | \$ 20,595,100.69 |
| Changes in Net Assets: | | | | | | | | | |
| Governmental Activities | \$ 2,363,760.35 | \$ 263,013.94 | \$ (54,663.69) | \$ 327,365.80 | \$ 524,687.89 | \$ 129,252.00 | \$ 81,320.95 | \$ (1,288,385.10) | \$ 56,521.87 |
| Business-Type Activities | 2,979.80 | 14,062.61 | 11,872.29 | 13,377.28 | 37,625.90 | 12,640.00 | 47,628.56 | 66,520.70 | 36,356.03 |
| Total District | \$ 2,366,740.15 | \$ 277,076.55 | \$ (42,791.40) | \$ 340,743.08 | \$ 562,313.79 | \$ 141,892.00 | \$ 128,949.51 | \$ (1,221,864.40) | \$ 92,877.90 |

RED BANK SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

| | 2002* | 2003* | 2004* | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|----------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|--------------------------|----------------------|
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 8,814,996.00 | \$ 9,271,716.00 | \$ 10,544,564.00 | \$ 10,939,929.00 | \$ 11,242,113.00 | \$ 11,680,888.00 | \$ 11,955,583.00 | \$ 12,209,274.00 | \$ 12,127,552.00 | \$ 12,617,731.00 |
| Tuition Charges | | | | 6,000.00 | 1,500.00 | 35,880.84 | 52,589.00 | 46,735.00 | 102,314.14 | 37,841.16 |
| Interest Earnings | 70,623.16 | 93,901.32 | 77,548.85 | 19,091.96 | 58,475.76 | 131,899.25 | 125,693.00 | 31,124.10 | 5,921.35 | 3,036.92 |
| Miscellaneous | 2,402,758.53 | 3,390,094.97 | 3,012,212.21 | 3,362,764.99 | 3,560,641.91 | 3,962,677.45 | 4,153,181.00 | 4,627,592.63 | 4,866,366.97 | 5,519,358.25 |
| State Sources | 682,221.40 | 719,614.13 | 1,020,739.10 | 1,035,240.37 | 1,118,379.77 | 901,512.40 | 976,526.00 | 1,247,478.38 | 2,336,685.82 | 2,348,432.34 |
| Federal Sources | | | | | | | | | | |
| Total Revenues | 11,970,599.09 | 13,475,326.42 | 14,655,064.16 | 15,387,927.24 | 16,052,303.21 | 16,739,927.73 | 17,384,893.00 | 18,467,193.10 | 19,343,489.88 | 20,639,280.49 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 2,156,679.38 | 2,434,257.20 | 2,639,044.49 | 4,447,222.47 | 4,461,791.20 | 4,414,688.22 | 4,505,202.00 | 5,188,677.23 | 5,875,897.58 | 5,619,464.54 |
| Special | 687,520.41 | 599,256.52 | 562,871.61 | 385,707.65 | 346,361.59 | 523,901.83 | 824,132.00 | 867,690.31 | 1,098,535.20 | 1,029,731.37 |
| Other | 101,821.19 | 251,113.34 | 306,782.74 | 383,820.89 | 377,317.69 | 244,326.68 | 533,984.00 | 565,852.10 | 618,453.20 | 503,489.34 |
| School-Sponsored/Other Instructional | 45,906.60 | 53,186.08 | 57,405.86 | 74,757.94 | 53,062.83 | 54,399.22 | 46,052.00 | 42,252.70 | 1,280.90 | 408.08 |
| Support Services: | | | | | | | | | | |
| Tuition | 458,217.09 | 461,850.75 | 802,062.08 | 487,248.82 | 511,764.69 | 459,593.13 | 436,330.00 | 416,493.28 | 562,113.35 | 428,312.88 |
| Student and Instruction Related | | | | | | | | | | |
| Services | 980,006.60 | 953,508.39 | 1,030,352.26 | 2,038,366.12 | 2,063,509.25 | 2,016,910.46 | 2,180,861.00 | 2,404,022.87 | 3,833,365.74 | 4,428,764.32 |
| General Administration | 496,678.98 | 519,636.35 | 468,632.98 | 404,444.73 | 360,375.23 | 397,866.11 | 426,327.00 | 362,044.47 | 345,056.03 | 341,233.43 |
| School Administrative Services | 413,198.08 | 511,636.13 | 470,324.91 | 322,474.96 | 343,677.93 | 346,616.61 | 363,521.00 | 367,119.94 | 407,157.57 | 383,091.71 |
| Central Services | | | | 196,554.88 | 156,339.47 | 177,019.74 | 155,548.00 | 173,806.26 | 184,220.52 | 179,206.26 |
| Admin. Information Technology | | | | 8,825.00 | 337.84 | 9,698.24 | 46,060.00 | 252,284.66 | 26,300.37 | 114,409.54 |
| Plant Operations and Maintenance | 941,434.12 | 1,002,018.60 | 1,067,510.11 | 1,128,586.59 | 1,054,773.50 | 1,082,489.87 | 1,107,282.00 | 1,486,355.28 | 1,247,529.38 | 1,363,243.00 |
| Pupil Transportation | 698,106.19 | 729,560.89 | 848,788.89 | 865,060.84 | 848,027.79 | 808,215.99 | 924,020.00 | 890,180.80 | 827,050.32 | 762,591.71 |
| Business and Other Support Services: | | | | | | | | | | |
| Lease Purchase Interest | 9,086.04 | 4,670.90 | 4,540.84 | | | | | | | |
| Other | 232,964.24 | 253,138.95 | 237,696.73 | | | | | | | |
| Employee Benefits | 1,255,414.50 | 1,651,375.98 | 2,141,499.89 | 2,431,056.69 | 2,587,590.86 | 3,271,712.40 | 3,304,826.00 | 2,734,357.87 | 3,110,718.15 | 3,086,294.12 |
| Special Schools | 34,344.29 | 15,056.88 | 3,859.62 | 2,650.01 | 44,508.63 | 42,981.00 | 56,407.00 | 41,000.78 | 53,457.57 | 7,000.00 |
| Charter Schools | 575,643.80 | 1,187,013.00 | 1,294,638.00 | 1,503,839.30 | 1,568,747.00 | 1,710,147.00 | 1,747,016.00 | 1,840,647.00 | 1,799,071.00 | 1,690,504.00 |
| Capital Outlay | 330,596.73 | 222,595.64 | 119,100.48 | 53,020.67 | 189,136.24 | 57,593.00 | 53,107.00 | 320,784.51 | 357,063.98 | 128,811.06 |
| Debt Service: | | | | | | | | | | |
| Principal | 264,997.77 | 270,647.22 | 276,377.83 | 296,222.03 | 372,905.11 | 363,759.00 | 364,647.00 | 365,586.76 | 371,541.35 | 387,569.38 |
| Interest and Other Charges | 512,370.70 | 357,126.17 | 338,743.03 | 319,838.66 | 229,932.64 | 256,179.77 | 238,277.00 | 220,824.64 | 202,323.53 | 189,528.28 |
| Total Expenditures | 11,923,966.70 | 13,719,827.16 | 14,950,132.70 | 15,349,718.25 | 15,570,159.59 | 16,236,020.25 | 17,315,579.00 | 18,562,033.99 | 20,921,155.74 | 20,623,653.02 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | 46,632.39 | (244,500.74) | (295,068.54) | 37,588.99 | 482,143.62 | 501,907.48 | 69,314.00 | (94,840.29) | (1,577,665.86) | 15,627.47 |
| Other Financing Sources/(Uses): | | | | | | | | | | |
| Proceeds From Borrowing | | | | | | | | | | |
| Capital Leases (Non-Budgeted) | | | | | | | | | | |
| Payments To Escrow Agent | | | 2,434.46 | | 27,002.35 | | | | | |
| Transfers In | | | | | (27,002.35) | | | | | |
| Transfers Out | | | | | | | | | | |
| Total Other Financing Sources/(Uses) | 46,632.39 | (244,500.74) | (295,068.54) | 37,588.99 | 482,143.62 | 501,907.48 | 69,314.00 | (94,840.29) | (1,577,665.86) | 15,627.47 |
| Net Change in Fund Balances | \$ 46,632.39 | \$ (244,500.74) | \$ (295,068.54) | \$ 37,588.99 | \$ 482,143.62 | \$ 501,907.48 | \$ 69,314.00 | \$ (94,840.29) | \$ (1,577,665.86) | \$ 15,627.47 |
| Debt Service as a Percentage of Noncapital Expenditures | 6.71% | 4.65% | 4.15% | 4.03% | 3.92% | 3.83% | 3.49% | 3.21% | 2.79% | 2.82% |

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.
 * Special Revenue allocation not available
 ** Debt Service breakdown not available
 *** Other Financing Sources/(Uses) not available

RED BANK SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

| Fiscal Year Ending June 30, | Interest on Investments | Donations | Use of Facilities | Prior Year Refunds | Prior Year Accounts Payable Cancelled | Premium on Bond Sale | Miscellaneous - Other | Tuition | Tuition From Individuals | Interest Earned on Capital Reserve Funds | Annual Totals |
|--------------------------------|----------------------------|-----------|----------------------|-----------------------|--|----------------------------|--------------------------|------------|--------------------------------|---|------------------|
| 2002 | \$ 39,013.25 | | | \$ 28,313.06 | | | \$ 1,001.65 | \$ 900.00 | | \$ 2.00 | \$ 69,229.96 |
| 2003 | 26,664.17 | | \$ 465.00 | 9,366.48 | \$ 3,331.78 | | 39,921.81 | 13,663.20 | | 488.88 | 93,901.32 |
| 2004 | 11,638.18 | \$ 475.00 | | 12,765.69 | 7,650.00 | | 29,943.07 | | | 503.91 | 62,975.85 |
| 2005 | 19,091.96 | 1,750.00 | | 3,849.52 | 684.00 | | 7,033.99 | | \$ 6,000.00 | 714.09 | 39,123.56 |
| 2006 | 47,336.16 | | | 42,260.74 | | | 11,057.13 | 16,626.60 | 1,500.00 | | 118,780.63 |
| 2007 | 129,640.58 | | | 16,079.16 | 1,762.00 | | 169.36 | 35,880.84 | | 2,258.67 | 185,790.61 |
| 2008 | 123,666.00 | | 9,744.00 | 16,440.00 | | | 26,969.00 | 52,589.00 | | 2,027.00 | 231,435.00 |
| 2009 | 30,532.84 | | 7,325.00 | 7,488.80 | 37,166.10 | | 138,185.53 | 46,735.00 | | 591.26 | 268,024.53 |
| 2010 | 5,773.54 | | 1,946.00 | 16,352.40 | | | 7,559.76 | 102,314.14 | | 147.81 | 134,093.65 |
| 2011 | 2,892.01 | | 7,567.50 | | 3,992.48 | | 11,235.62 | 40,803.14 | | 74.94 | 66,565.69 |

REVENUE CAPACITY INFORMATION

RED BANK SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

| Fiscal Year Ending June 30, | Red Bank School District Direct Rate | | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate |
|--------------------------------|--------------------------------------|--|--------------------|---------------------|----------------------------|--------------------|-----------------|--------------------|---|
| | Basic Rate ^a | General Obligation Debt Service ^b | School Tax Rate | Red Bank Borough | Regional School Rate | Monmouth County | (From J-6) | | |
| | | | | | | | Total Direct | School Tax Rate | |
| 2002 | 0.921 | 0.043 | 0.964 | 0.690 | 0.587 | 0.456 | | | 2.697 |
| 2003 | 1.056 | 0.046 | 1.102 | 0.734 | 0.646 | 0.492 | | | 2.974 |
| 2004 | 1.074 | 0.061 | 1.135 | 0.749 | 0.704 | 0.488 | | | 3.076 |
| 2005 | 1.105 | 0.060 | 1.165 | 0.792 | 0.745 | 0.521 | | | 3.223 |
| 2006 | 1.140 | 0.060 | 1.200 | 0.836 | 0.834 | 0.558 | | | 3.428 |
| 2007 | 0.495 | 0.027 | 0.534 | 0.384 | 0.371 | 0.252 | | | 1.541 |
| 2008 | 0.511 | 0.027 | 0.538 | 0.445 | 0.365 | 0.246 | | | 1.594 |
| 2009 | N/A | N/A | 0.530 | 0.462 | 0.367 | 0.254 | | | 1.613 |
| 2010 | N/A | N/A | 0.556 | 0.484 | 0.374 | 0.265 | | | 1.679 |
| 2011 | N/A | N/A | 0.569 | 0.509 | 0.377 | 0.257 | | | 1.712 |

Source: Municipal Tax Assessor

Note: N.J.S.A. 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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

RED BANK SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

| | 2011 | | | 2002 | | |
|--------------------------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank (Optional) | % of Total District Net Assessed Value | Taxable Assessed Value | Rank (Optional) | % of Total District Net Assessed Value |
| Riverside Towers Apt. Corp. | \$ 37,545,000 | 1 | | | 1 | |
| Red Bank Corp Plaza, LLC | 23,350,000 | 2 | | | 2 | |
| Presbyterian Homes at Red Bank, Inc. | 20,670,900 | 3 | | | 3 | |
| ET Galleria, LLC | 20,438,900 | 4 | DATA NOT AVAILABLE | DATA NOT AVAILABLE | 4 | DATA NOT AVAILABLE |
| K. Hovnanian Prop of Red Bank, Inc. | 19,111,500 | 5 | | | 5 | |
| OMPI Holdings Inc. | 12,300,000 | 6 | | | 6 | |
| Bell Atlantic Property Tax Dept. | 10,721,303 | 7 | | | 7 | |
| RB Realty Assoc | 10,508,700 | 8 | | | 8 | |
| Downtown Investors II LLC | 9,074,300 | 9 | | | 9 | |
| OPI Holdings Inc. | 9,000,000 | 10 | | | 10 | |
| Total | \$ 172,720,603 | | | | | |

Source: Municipal Tax Assessor

RED BANK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy ^a | | Collections in Subsequent Years |
|----------------------------------|-------------------------------------|--|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2002 | \$ 8,814,996.00 | \$ 8,814,996.00 | 100.00% | - |
| 2003 | 9,271,716.00 | 9,271,716.00 | 100.00% | - |
| 2004 | 10,544,564.00 | 10,544,564.00 | 100.00% | - |
| 2005 | 10,939,929.00 | 10,939,929.00 | 100.00% | - |
| 2006 | 11,242,113.00 | 11,242,113.00 | 100.00% | - |
| 2007 | 11,680,888.00 | 11,386,967.00 | 97.48% | \$ 293,921.00 |
| 2008 | 11,955,563.00 | 11,955,563.00 | 100.00% | - |
| 2009 | 12,209,274.00 | 12,209,274.00 | 100.00% | - |
| 2010 | 12,127,552.00 | 12,127,552.00 | 100.00% | - |
| 2011 | 12,617,731.00 | 12,617,731.00 | 100.00% | - |

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

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

DEBT CAPACITY INFORMATION

RED BANK SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

| Fiscal Year Ending June 30, | Governmental Activities | | | | Bond | | Business-Type Activities | | Percentage of Personal Income ^a | Per Capita ^a |
|--------------------------------|---|-------------------------------------|-------------------|--------------------------------|---------------------------------|-------------------|-----------------------------|-------|--|----------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | N.J.E.D.A. Loans Payable | Anticipation Notes (BANs) | Capital Leases | Total District | | | |
| 2002 | \$ 6,525,000.00 | \$ 129,563.68 | \$ 424,662.09 | | | | \$ 7,079,225.77 | 1.27% | \$ 560.15 | |
| 2003 | 6,285,000.00 | 65,056.08 | 394,015.01 | | | | 6,744,071.09 | 1.24% | 533.76 | |
| 2004 | 6,040,000.00 | 53,429.08 | 351,731.62 | | | | 6,445,160.70 | 1.12% | 512.57 | |
| 2005 | 5,765,000.00 | 41,147.83 | 330,509.59 | | | | 6,136,657.42 | N/A | 488.90 | |
| 2006 | 5,555,000.00 | 28,175.50 | 297,604.48 | | | | 5,880,779.98 | N/A | 464.69 | |
| 2007 | 5,225,000.00 | 14,473.22 | 263,845.38 | | | | 5,503,318.60 | N/A | 462.86 | |
| 2008 | 4,895,000.00 | 229,198.00 | | | | | 5,124,198.00 | N/A | 428.91 | |
| 2009 | 4,565,000.00 | 193,611.62 | | | | | 4,758,611.62 | N/A | N/A | |
| 2010 | 4,230,000.00 | 157,070.58 | | | | | 4,387,070.58 | N/A | 20.97 | |
| 2011 | 3,880,000.00 | 119,501.20 | | | | | 3,999,501.20 | N/A | 337.68 | |

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
 - b Includes Early Retirement Incentive Plan ("ERIP") refunding and State Loans
- N/A At the time of CAFR completion, this data was not yet available

RED BANK SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

| Fiscal Year Ending June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|--------------------------------|---------------------------------|------------|--|--|----------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2002 | \$ 6,525,000.00 | | \$ 6,525,000.00 | 0.68% | \$ 549.25 |
| 2003 | 6,285,000.00 | | 6,285,000.00 | 0.66% | 528.29 |
| 2004 | 6,040,000.00 | | 6,040,000.00 | 0.63% | 508.08 |
| 2005 | 5,765,000.00 | | 5,765,000.00 | 0.60% | 485.44 |
| 2006 | 5,555,000.00 | | 5,555,000.00 | 0.57% | 462.34 |
| 2007 | 5,225,000.00 | | 5,225,000.00 | 0.23% | 439.45 |
| 2008 | 4,895,000.00 | | 4,895,000.00 | 0.22% | 409.73 |
| 2009 | 4,565,000.00 | | 4,565,000.00 | 0.20% | N/A |
| 2010 | 4,230,000.00 | | 4,230,000.00 | N/A | N/A |
| 2011 | 3,880,000.00 | | 3,880,000.00 | N/A | N/A |

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

RED BANK SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011
(UNAUDITED)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|--|--|
| Debt Repaid with Property Taxes: | | | |
| Red Bank Borough | \$ 13,347,507 | 100.00% | \$ 13,347,507 |
| Red Bank Regional High School | 6,285,000 | 100.00% | 6,285,000 |
| Monmouth County General Obligation Debt | 488,135,115 | 1.869552% | <u>9,125,937</u> |
| Subtotal, Overlapping Debt | | | 28,758,444 |
| Red Bank District Direct Debt | | | <u>3,880,000</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 32,638,444</u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

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

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

RED BANK SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2011

| | Fiscal Year | | | |
|--|----------------|----------------|----------------|------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Debt Limit | \$ 30,682,002 | \$ 35,028,282 | \$ 40,389,964 | \$ 47,660,793 |
| Total Net Debt Applicable To Limit | 15,669,248 | 6,679,015 | 6,391,732 | 6,095,510 |
| Legal Debt Margin | \$ 15,012,754 | \$ 28,349,267 | \$ 33,998,232 | \$ 41,565,283 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 51.07% | 19.07% | 15.83% | 12.79% |
| | 2007 | 2008 | 2009 | 2010 |
| Debt Limit | \$ 229,425,053 | \$ 194,310,430 | \$ 207,188,952 | \$ 141,615,850 |
| Total Net Debt Applicable To Limit | 5,225,000 | 4,895,000 | 4,565,000 | 4,230,000 |
| Legal Debt Margin | \$ 224,200,053 | \$ 189,415,430 | \$ 202,623,952 | \$ 137,385,850 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 2.28% | 2.52% | 2.20% | 2.99% |
| | | | | 2011 |
| | | | | \$ 2,233,687,962 |
| | | | | 2,350,735,911 |
| | | | | 2,391,495,945 |
| | | | (A) | \$ 6,975,919,818 |
| | | | (A/3) | \$ 2,325,306,606 |
| | | | (B) | 209,277,595 |
| | | | (C) | 3,880,000 |
| | | | (B-C) | \$ 205,397,595 |

Equalized Valuation Basis

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

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

RED BANK SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

| <u>Year</u> | <u>Population</u> ^a | <u>Personal Income</u> ^b | <u>Per Capita Personal Income</u> ^c | <u>Unemployment Rate</u> ^d |
|-------------|--------------------------------|-------------------------------------|--|---|
| 2002 | 11,880 | \$ 522,470,520 | \$ 43,979 | 6.80% |
| 2003 | 11,897 | 513,474,520 | 43,160 | 7.00% |
| 2004 | 11,888 | 544,280,192 | 45,784 | 5.80% |
| 2005 | 11,876 | N/A | N/A | 5.50% |
| 2006 | 12,015 | N/A | N/A | 5.40% |
| 2007 | 11,890 | N/A | N/A | 5.30% |
| 2008 | 11,947 | N/A | N/A | 5.10% |
| 2009 | 11,866 | 650,268,666 | 54,801 | 6.50% |
| 2010 | N/A | N/A | N/A | N/A |
| 2011 | 11,844 | 648,707,724 | 54,771 | 10.70% |

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

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

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

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

OPERATING INFORMATION

RED BANK SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

| Function/Program | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|------------|------------|------------|------------|------------|------------|------------|
| Instruction: | | | | | | | | | | |
| Regular | | | | 55 | 46 | 48 | 63 | 61 | 54 | 62 |
| Special Education | | | | 15 | 10 | 12 | 16 | 19 | 25 | 26 |
| Other Special Education | | | | 4 | 6 | 8 | 12 | 12 | 12 | 12 |
| Vocational | | | | | | | | | | |
| Other Instruction | | | | | | | | | | |
| Nonpublic School Programs | | | | | | | | | | |
| Adult/Continuing Education Programs | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Tuition | | | | 24 | 21 | 19 | 16 | 11 | 12 | 12 |
| Student and Instruction Related Services | | | | 4 | 5 | 4 | 2 | 2 | 2 | 2 |
| General Administrative Services | | | | 5 | 3 | 2 | 6 | 6 | 6 | 6 |
| School Administrative Services | | | | 13 | 12 | 16 | 3 | 3 | 3 | 3 |
| Business Administrative Services | | | | 13 | 10 | 10 | 14 | 12 | 12 | 12 |
| Plant Operations and Maintenance | | | | | | | 1 | 1 | 2 | 2 |
| Pupil Transportation | | | | | | | | | | |
| Other Support Services | | | | 13 | 14 | 8 | 4 | 4 | 3 | 3 |
| Special Schools | | | | | | | | | | |
| Food Service | | | | | | | | | | |
| Child Care | | | | | | | | | | |
| Total | | | | 146 | 127 | 127 | 136 | 131 | 131 | 140 |

Source: District Personnel Records

RED BANK SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^d | Percentage Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|---|---|---|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2002 | 750 | \$ 10,949,438.94 | \$ 14,599 | | | 1:15 | 1:17 | 735.0 | 720 | | 97.96% |
| 2003 | 715 | 13,092,053.77 | 18,311 | 25.42% | | 1:15 | 1:17 | 700.7 | 687 | -4.67% | 98.04% |
| 2004 | 756 | 14,335,011.84 | 18,962 | 3.56% | | 1:15 | 1:17 | 740.9 | 726 | 5.74% | 97.99% |
| 2005 | 793 | 14,690,128.72 | 18,525 | -2.30% | 98 | 1:15 | 1:17 | 777.1 | 762 | 4.89% | 98.06% |
| 2006 | 760 | 14,819,115.80 | 19,499 | 5.26% | 98 | 1:15 | 1:17 | 744.8 | 730 | -4.16% | 98.01% |
| 2007 | 787 | 15,560,548.48 | 19,772 | 1.40% | 94 | 1:15 | 1:17 | 763.5 | 728 | 2.51% | 95.30% |
| 2008 | 886 | 14,892,338.00 | 16,809 | -14.99% | 94 | 1:13 | 1:14 | 835.0 | 801 | 9.36% | 95.93% |
| 2009 | 981 | 14,013,442.06 | 14,285 | -15.01% | 97 | 1:15 | 0.16 | 895.1 | 859 | 7.20% | 95.97% |
| 2010 | 995 | 14,785,598 | 14,860 | 4.03% | 97 | 1:17 | 0.10 | 895.2 | 858 | 0.01% | 95.84% |
| 2011 | 995 | 13,737,519 | 13,807 | -7.09% | 100 | 1:17 | 1.09 | 977.8 | 943 | 9.23% | 96.44% |

Source: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

RED BANK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

| <u>District/Building</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Primary: | | | | | | | | | | |
| Red Bank Primary | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 | 58,350 |
| Square Feet | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 | 527 |
| Capacity (Students) | 502 | 454 | 449 | 486 | 450 | 480 | 513 | 510 | 513 | 513 |
| Enrollment | | | | | | | | | | |
| Middle School: | | | | | | | | | | |
| Red Bank Middle School | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 | 75,005 |
| Square Feet | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 | 690 |
| Capacity (Students) | 248 | 261 | 307 | 307 | 310 | 382 | 373 | 385 | 389 | 389 |
| Enrollment | | | | | | | | | | |
| Other: | | | | | | | | | | |
| Administration Building (1909) | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 | 3,650 |

Number of Schools at June 30, 2010
Elementary = 1
Middle School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October District count.

RED BANK SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

| | <u>*School Facilities</u> | <u>Middle School</u> | <u>Primary School</u> | <u>Other Facilities</u> | <u>Total</u> |
|-------------------------|---------------------------|------------------------|------------------------|-------------------------|------------------------|
| | <u>Project # (s)</u> | | | | |
| 2002 | N/A | \$ 175,026.85 | \$ 94,645.22 | | \$ 269,672.07 |
| 2003 | N/A | 112,439.01 | 126,792.93 | | 239,231.94 |
| 2004 | N/A | 148,532.00 | 124,101.00 | \$ 22,100.00 | 294,733.00 |
| 2005 | N/A | 113,637.59 | 123,255.00 | 9,192.00 | 246,084.59 |
| 2006 | N/A | 133,677.00 | 61,307.00 | 34,538.00 | 229,522.00 |
| 2007 | N/A | 104,856.12 | 85,870.00 | 21,000.00 | 211,726.12 |
| 2008 | N/A | 84,079.00 | 118,940.00 | 38,012.00 | 241,031.00 |
| 2009 | N/A | 328,480.52 | 182,819.67 | 16,379.45 | 527,679.64 |
| 2010 | N/A | 165,949.20 | 143,737.87 | 40,103.51 | 349,790.58 |
| 2011 | N/A | <u>123,175.70</u> | <u>132,369.08</u> | <u>36,463.72</u> | <u>292,008.50</u> |
| Total School Facilities | | <u>\$ 1,489,852.99</u> | <u>\$ 1,193,837.77</u> | <u>\$ 217,788.68</u> | <u>\$ 3,193,487.94</u> |

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

Source: District records

RED BANK SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2011
(UNAUDITED)

| <u>Company</u> | <u>Type of Coverage</u> | <u>Coverage</u> | <u>Deductible</u> |
|--|---|----------------------|-------------------|
| COMMERCIAL PACKAGE POLICY | | | |
| New Jersey School Boards Association Insurance Group | Property Blanket Building & Contents | \$ \$ 31,234,405 | \$ \$ 5,000 |
| | Blanket Extra Expense | 50,000,000 | 5,000 |
| | Electronic Data Processing Equipment and Software | 385,000 | 1,000 |
| | Boiler & Machinery | Included | |
| | Comprehensive General Liability | | |
| | Per Occurrence | 6,000,000 | |
| | General Aggregate | 6,000,000 | |
| | Employee Benefit Liability | 6,000,000 | 1,000 |
| | Automotive Liability | 6,000,000 | |
| New Jersey School Boards Association Insurance Group | School Board Legal Liability | 5,000,000 | 5,000 |
| New Jersey School Boards Association Insurance Group | Worker's Compensation | 2,000,000 | |
| AIG/New Jersey School Boards Association Insurance Group | Excess Worker's Compensation | 7-day waiting period | |
| Monumental Life/Bollinger | Student Accident Insurance | Not renewed | |
| | Surety Bonds | | |
| Selective | School Business Administrator/Board Secy. | 10,000 | |
| Selective | Treasurer of School Monies | 275,000 | |
| New Jersey School Boards Association Insurance Group | Employee Dishonesty | 250,000 | 1,000 |

SINGLE AUDIT SECTION

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office
912 Highway 33 • Suite 2
Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office
512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

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

The Honorable President and
Members of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Red Bank School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Red Bank School District's basic financial statements and have issued our report thereon dated September 30, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Red Bank Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Red Bank Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Red Bank Board of Education'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 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 of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

The Honorable President and
Members of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey
Page 2

Our consideration of 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.

Compliance and Other Matters

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

This report is intended for the information and use of the audit committee, management, the Red Bank Board of Education, 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.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

September 30, 2011

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2
Page 1 of 3

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office
912 Highway 33 • Suite 2
Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office
512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

**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 OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Red Bank School District, in the County of Monmouth, State of New Jersey, 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 its major federal and state programs for the fiscal year ended June 30, 2011. Red Bank Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. 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 Red Bank Board of Education's management. Our responsibility is to express an opinion on the Red Bank Board of Education'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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 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 Red Bank Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Red Bank Board of Education's compliance with those requirements.

The Honorable President and
Members of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey
Page 2

In our opinion, the Board of Education of the Red Bank School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education of the Red Bank School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Red Bank Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the 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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Red Bank Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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.

The Honorable President and
Members of the Board of Education
Red Bank School District
County of Monmouth
Red Bank, New Jersey
Page 3

This report is intended solely for the information and use of the audit committee, management, the Red Bank Board of Education, the New Jersey State Department of Education, and 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.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

September 30, 2011

RED BANK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2011

| Enterprise Fund | Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Grant or State Project Number | Program or Award Amount | Grant Period From To | Balance at June 30, 2010 | Carryover/(Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2011 | |
|-----------------|--|---------------------|-------------------------------|-------------------------|----------------------|--------------------------|-----------------------------|-----------------|------------------------|---------------|------------------------------------|--------------------------|----------------|
| | | | | | | | | | | | | (Accounts Receivable) | Due To Grantor |
| | U.S. Department of Agriculture: | | | | | | | | | | | | |
| | Passed-Through State Department of Education: | | | | | | | | | | | | |
| | Food Donation | 10-550 | N/A | \$ 28,543.93 | 07/01/09 06/30/10 | \$ 7,614.24 | | \$ 29,287.15 | | | | | |
| | School Breakfast Program | 10-553 | N/A | 87,750.52 | 07/01/10 06/30/11 | | | 87,308.84 | | | \$ (6,441.68) | | |
| | National School Lunch Program | 10-555 | N/A | 356,221.38 | 07/01/10 06/30/11 | (6,554.06) | | 331,127.30 | | | (25,084.08) | | |
| | Child and Adult Care Food Program | 10-558 | N/A | 1,901.80 | 07/01/10 06/30/11 | (26,004.87) | | 26,004.87 | | | (100.84) | | |
| | Child and Adult Care Food Program | 10-558 | N/A | 3,028.82 | 07/01/09 06/30/10 | (215.34) | | 215.34 | | | | | |
| | Total Enterprise Fund | | | | | (25,180.03) | | 476,298.72 | (482,775.09) | | (31,636.42) | | |
| | Special Revenue Fund | | | | | | | | | | | | |
| | U.S. Department of Education: | | | | | | | | | | | | |
| | Passed-Through State Department of Education: | | | | | | | | | | | | |
| | A.R.R.A. - Title I - Part A | 84-389 | NCLB436010 | 493,602.00 | 07/01/09 06/31/11 | (189,187.34) | | 289,613.00 | | \$ 126.88 | | (96,028.84) | |
| | Title I Part A | 84-010A | NCLB436011 | 691,325.00 | 09/01/10 06/31/11 | | | 394,963.00 | | | | (235,212.31) | |
| | Title I Part A | 84-010A | NCLB436009 | 748,195.00 | 09/01/09 06/31/10 | (188,323.67) | | 277,461.00 | | 8,384.57 | | (46,754.62) | |
| | Title I | 84-010A | NCLB436008 | 735,524.00 | 09/01/08 06/31/09 | (117,465.87) | | 59,349.00 | | | | (58,116.87) | |
| | Title I | 84-010A | NCLB436007 | 607,887.00 | 09/01/07 08/31/08 | 18,293.42 | | | | | | (18,293.42) | |
| | Title I, Carryover | 84-388 | NCLB436010 | 10,842.00 | 07/01/09 08/31/11 | 569.26 | | 9,191.00 | | | | (1,596.00) | \$ 569.26 |
| | A.R.R.A. - Title I, Part A | 84-010A | NCLB436011 | 21,746.00 | 09/01/10 08/31/11 | (1,119.62) | | 3,060.00 | | | | (14,537.12) | 1,940.38 |
| | Title I - School Improvements | 84-010A | NCLB436008 | 10,287.00 | 09/01/08 08/31/09 | 190.00 | | | | | | (75,936.10) | 180.00 |
| | Title I - School Improvements, Carryover | 84-010A | NCLB436007 | 7,315.00 | 09/01/06 08/31/07 | | | 21,467.00 | | 9,477.20 | | (29,540.50) | |
| | Title I, A, Teacher Training and Recruiting | 84-367A | NCLB436011 | 76,282.00 | 09/01/10 08/31/11 | (3,408.20) | | | | | | (6,028.17) | |
| | Title I, A, Teacher Training and Recruiting | 84-367A | NCLB436010 | 74,892.00 | 09/01/09 08/31/10 | (3,572.06) | | | | | | (6,082.85) | |
| | Title I, A, Teacher Training and Recruiting | 84-367A | NCLB436009 | 74,073.00 | 09/01/08 08/31/09 | 180.00 | | | | | | (18,804.73) | |
| | Title I, A, Teacher Training and Recruiting | 84-367A | NCLB436008 | 73,892.00 | 09/01/07 08/31/08 | | | | | | | (3,029.17) | |
| | Title I, A, Teacher Training and Recruiting, Carryover | 84-367A | NCLB436007 | 3,057.00 | 09/01/06 08/31/07 | | | | | | | (8,028.36) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436011 | 7,595.00 | 09/01/10 08/31/11 | (819.23) | | 21.94 | | | | (6,028.17) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436010 | 9,950.00 | 09/01/09 08/31/10 | (828.79) | | | | | | (6,028.17) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436009 | 9,950.00 | 09/01/08 08/31/09 | | | | | | | (6,028.17) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436011 | 79,814.00 | 09/01/10 08/31/11 | | | 60,749.00 | | | | (18,804.73) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436010 | 64,233.00 | 09/01/09 08/31/10 | 3,209.73 | | | | | | (1,828.36) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436009 | 57,750.00 | 09/01/08 08/31/09 | (34,802.36) | | 32,874.00 | | | | (3,157.37) | |
| | Title I, D, Enhancing Education - Technology | 84-318X | NCLB436010 | 14,925.00 | 09/01/08 08/31/09 | (40.00) | | | | | | (8,216.93) | |
| | Title I, D, Enhancing Education - Technology | 84-186A | NCLB436010 | 12,170.00 | 09/01/09 08/31/10 | (2,284.71) | | 1,703.00 | | 100.00 | | (3,157.37) | |
| | Title I, D, Enhancing Education - Technology | 84-186A | NCLB436009 | 12,643.00 | 09/01/08 08/31/09 | (2,284.71) | | | | | | (8,216.93) | |
| | Title I, D, Enhancing Education - Technology | 84-186A | NCLB436008 | 12,966.00 | 09/01/07 08/31/08 | 126.00 | | | | | | (8,216.93) | |
| | Title I, D, Enhancing Education - Technology | 84-298A | NCLB436008 | 4,623.00 | 09/01/07 08/31/08 | | | | | | | (8,216.93) | |
| | Title I, D, Enhancing Education - Technology | 84-298A | NCLB436007 | 3,171.00 | 09/01/06 08/31/07 | 341.00 | | | | | | (8,216.93) | |
| | Title I, D, Enhancing Education - Technology | 84-298B | FT FY 10 | 247,697.00 | 05/15/07 05/14/10 | (16,922.16) | | 34,394.06 | | 4,822.10 | | (209,628.94) | 18,004.10 |
| | Foreign Language Assistance Program Grant | 84-287C | N/A | 480,000.00 | 09/01/10 08/31/11 | (40,175.25) | | 257,663.00 | | | | (150,589.58) | |
| | 21st Century Grant Community Learning Centers -1/5 | 84-287C | N/A | 480,000.00 | 09/01/09 08/31/10 | (46,175.25) | | 111,147.00 | | 6,731.01 | | (116,673.00) | |
| | 21st Century Grant Community Learning Centers -1/5 | 84-287C | N/A | 480,000.00 | 07/01/09 06/30/11 | (119,908.53) | | | | | | (116,673.00) | |
| | A.R.R.A. - I.D.E.A. Part B, Basic | 84-027A | IDEA436011 | 363,164.00 | 09/01/09 08/31/11 | (32,467.15) | | 73,924.60 | | | | (6,395.40) | |
| | I.D.E.A. Part B Basic Regular | 84-027A | IDEA436010 | 309,891.00 | 09/01/10 08/31/11 | (5,849.78) | | | | | | (6,395.40) | |
| | I.D.E.A. Part B Basic Regular | 84-027A | IDEA436009 | 326,176.00 | 09/01/09 08/31/10 | (3,849.78) | | | | | | (6,395.40) | |
| | I.D.E.A. Part B Basic Regular | 84-027A | IDEA436008 | 238,756.00 | 09/01/08 08/31/09 | (1,849.78) | | | | | | (6,395.40) | |
| | I.D.E.A. Part B Preschool | 84-027A | IDEA436010 | 13,070.00 | 07/01/09 06/30/11 | (2,315.43) | | 6,653.00 | | 694.36 | | (12,138.00) | |
| | I.D.E.A. Part B Preschool | 84-027A | IDEA436011 | 12,666.00 | 09/01/10 08/31/11 | | | 470.88 | | | | (12,138.00) | |
| | I.D.E.A. Part B Preschool | 84-027A | IDEA436010 | 11,996.00 | 09/01/09 08/31/10 | | | 3,504.00 | | | | (12,138.00) | |
| | I.D.E.A. Part B Preschool | 84-027A | IDEA436009 | 11,458.00 | 09/01/08 08/31/09 | 711.05 | | | | | | (12,138.00) | |
| | I.D.E.A. Part B Preschool | 84-027A | IDEA436008 | 12,865.00 | 09/01/07 08/31/08 | 197.44 | | | | | | (12,138.00) | |
| | Total Special Revenue Fund | | | | | (652,375.89) | | 1,947,445.06 | (2,359,061.37) | 195,508.20 | (78,204.00) | (1,068,267.39) | 29,579.38 |
| | U.S. Department of Education: | | | | | | | | | | | | |
| | General Fund: | | | | | | | | | | | | |
| | A.R.R.A. - ESF - Equalization Aid | 84-394 | N/A | 256,130.00 | 07/01/09 06/30/10 | (98,347.00) | | 39,347.00 | | | | (3,705.51) | |
| | A.R.R.A. - ESF - Equalization Aid | 84-397 | N/A | 8,915.00 | 07/01/09 06/30/10 | (1,523.00) | | 1,523.00 | | | | (3,705.51) | |
| | A.R.R.A. - GSF - Equalization Aid | 93-778 | N/A | 15,085.55 | 07/01/10 06/30/11 | | | | | | | | |
| | Medical Assistance Program | 53-778 | N/A | 28,550.74 | 07/01/09 06/30/10 | (18,563.45) | | 15,953.45 | | | | | |
| | Total General Fund | | | | | (57,433.45) | | 68,793.49 | (15,065.55) | | | (3,705.51) | |
| | Total Federal Awards | | | | | (734,969.37) | \$ 0.00 | \$ 2,452,537.27 | (2,858,902.01) | \$ 105,508.20 | \$ (78,204.00) | \$ (1,101,609.29) | \$ 29,579.38 |

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

RED BANK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the fiscal year ended June 30, 2011

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2010 | | Cash Received | Budgetary Expenditures | Adjustments/ Interfund/ Repayment of Prior Years' Balances | Balance at June 30, 2011 | | Memo Cumulative Total Expenditures |
|--|-------------------------------|-------------------------|--------------|------------|--|----------------|------------------------|--------------------------|--|--------------------------|---------------------|------------------------------------|
| | | | From | To | Deferred Revenues/ (Accounts Receivable) | Due To Grantor | | | | (Accounts Receivable) | Deferred Revenue | |
| General Fund | | | | | | | | | | | | |
| State Department of Education: | | | | | | | | | | | | |
| Equalization Aid | 11-495-034-5120-078 | \$ 1,166,729.00 | 07/01/10 | 06/30/11 | | | \$ 1,166,729.00 | \$ (1,166,729.00) | | | \$ 102,929.54 | \$ 1,166,729.00 |
| Special Education Aid | 11-495-034-5120-089 | 595,560.00 | 07/01/10 | 06/30/11 | | | 595,560.00 | (595,560.00) | | | 52,445.82 | 595,560.00 |
| Extraordinary Special Education Costs Aid | 11-100-034-5120-473 | 17,346.00 | 07/01/10 | 06/30/11 | | | | (17,346.00) | | | | 17,346.00 |
| Extraordinary Special Education Costs Aid | 10-495-034-5120-044 | 62,595.00 | 07/01/09 | 06/30/10 | | | 62,595.00 | (4,297.91) | | | | 62,595.00 |
| Reimbursement of Nonpublic Transportation | 11103190 | 4,297.91 | 07/01/10 | 06/30/11 | | | | (4,297.91) | | | | 4,297.91 |
| Reimbursement of Nonpublic Transportation | 10103190 | 3,599.00 | 07/01/09 | 06/30/10 | | | 3,599.00 | | | | | 3,599.00 |
| On-Behalf TPAF Pension System Contribution - NCGI Premium | 11-495-034-5095-007 | 17,911.00 | 07/01/10 | 06/30/11 | | | 17,911.00 | (17,911.00) | | | | 17,911.00 |
| On-Behalf TPAF Pension System Contribution - Post Retirement | 11-495-034-5095-001 | 380,420.00 | 07/01/10 | 06/30/11 | | | 380,420.00 | (380,420.00) | | | | 380,420.00 |
| TPAF Wage Freeze Grant | 11-495-034-5095-002 | 10,779.00 | 07/01/10 | 06/30/11 | | | 10,779.00 | (10,779.00) | | | | 10,779.00 |
| Reimbursed TPAF Social Security Contributions | 11-495-034-5095-002 | 468,961.11 | 07/01/10 | 06/30/11 | | | 445,565.52 | (468,961.11) | | | | 468,961.11 |
| Reimbursed TPAF Social Security Contributions | 10-495-034-5095-051 | 477,068.32 | 07/01/09 | 06/30/10 | | | 34,898.92 | | | | | 477,068.32 |
| Total General Fund | | | | | | | 2,707,298.44 | (2,662,024.02) | | | 155,275.35 | 3,205,289.34 |
| Special Revenue Fund | | | | | | | | | | | | |
| Preschool Education Aid | 10-495-034-5120-025 | 1,922,656.00 | 07/01/09 | 06/30/10 | | | 2,635,385.00 | (2,639,137.01) | | | \$ 24,820.70 | 1,922,656.00 |
| Preschool Education Aid | 11-495-034-5120-025 | 76,000.00 | 07/01/10 | 12/30/2011 | | | 24,000.00 | (28,782.82) | | | \$ 38,751.60 | 2,635,385.00 |
| CHPERA Outreach | | | | | | | | | | | | 23,561.45 |
| N.J. Nonpublic Aid: | | | | | | | | | | | | |
| Nursing | 11-100-034-5120-064 | 32,910.00 | 07/01/10 | 06/30/11 | | | 32,910.00 | (32,910.00) | | | | 32,910.00 |
| Auxiliary Services Aid (Chapter 192): | | | | | | | | | | | | |
| Home Instruction | 11-100-034-5120-070 | 38,996.00 | 07/01/10 | 06/30/11 | | | 38,996.00 | (38,996.00) | | | | 38,996.00 |
| Compensatory Education | 10-100-034-5120-067 | 3,161.48 | 07/01/09 | 06/30/10 | | | 3,161.48 | | | | | 3,161.48 |
| English as a Second Language | 11-100-034-5120-067 | 67,819.00 | 07/01/10 | 06/30/11 | | | 67,819.00 | (67,819.00) | | | | 67,819.00 |
| Transportation (192) | 11-100-034-5120-067 | 854.00 | 07/01/10 | 06/30/11 | | | 854.00 | (854.00) | | | | 854.00 |
| Handicapped Services Aid (Chapter 193): | | | | | | | | | | | | |
| Exam and Classification | 11-100-034-5120-068 | 5,888.00 | 07/01/10 | 06/30/11 | | | 5,888.00 | (5,888.00) | | | | 5,888.00 |
| Exam and Classification | 11-100-034-5120-066 | 41,955.00 | 07/01/10 | 06/30/11 | | | 41,955.00 | (41,955.00) | | | | 41,955.00 |
| Corrective Speech | 11-100-034-5120-066 | 34,422.00 | 07/01/10 | 06/30/11 | | | 34,422.00 | (34,422.00) | | | | 34,422.00 |
| Supplemental Instruction | 11-100-034-5120-066 | 21,540.00 | 07/01/10 | 06/30/11 | | | 21,540.00 | (21,540.00) | | | | 21,540.00 |
| Total Special Revenue Fund | | | | | | | 2,905,930.48 | (2,910,303.83) | | | 62,313.05 | 4,810,994.22 |
| Capital Projects Fund | | | | | | | | | | | | |
| NJ Economic Development Authority: | | | | | | | | | | | | |
| EDA Grant | 4360-060-01-0219-00 | 4,510,000.00 | 07/01/01 | | | | | | | | | |
| Total Capital Projects Fund | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 11-100-010-3350-023 | 7,348.14 | 07/01/10 | 06/30/11 | | | 6,794.70 | (7,348.14) | | | | 7,348.14 |
| National School Lunch Program (State Share) | 10-100-010-3360-067 | 12,359.42 | 07/01/09 | 06/30/10 | | | 1,012.34 | | | | | 12,359.42 |
| State School Breakfast Program | 10-100-010-3360-096 | 4,815.50 | 07/01/09 | 06/30/10 | | | 403.30 | | | | | 4,815.50 |
| Total Enterprise Fund | | | | | | | 8,210.34 | (7,348.14) | | | | 24,523.06 |
| Total State Financial Assistance | | | | | | | \$ 5,622,439.26 | \$ (5,579,675.99) | | | \$ 62,313.05 | \$ 6,040,806.62 |

The accompanying Notes to Schedules of Expenditures Awards and Financial Assistance are an integral part of this schedule

RED BANK SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2011

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board") of Red Bank, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$107,211.04 for the General Fund and \$(177,705.87) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

RED BANK SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2011

3. Relationship to Basic Financial Statements (Cont'd)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|------------------------|------------------------|------------------------|
| General Fund | \$ 15,065.55 | \$ 2,769,235.06 | \$ 2,784,300.61 |
| Special Revenue Fund | 2,333,366.79 | 2,750,123.19 | 5,083,489.98 |
| Food Service Fund | <u>475,160.85</u> | <u>7,348.14</u> | <u>482,508.99</u> |
| Total Awards and Financial Assistance | <u>\$ 2,823,593.19</u> | <u>\$ 5,526,706.39</u> | <u>\$ 8,350,299.58</u> |

During the year ended June 30, 2011, the State of New Jersey contributed \$17,911.00 to the TPAF for NCGI premiums and \$380,420.00 for post-retirement medical benefits on behalf of the District.

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.

5. Federal and State Loans Outstanding

The Red Bank School District had the following loan balances outstanding at June 30, 2011:

| <u>Loan Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Outstanding</u> |
|---------------------------|----------------------------|---------------------------|
| E.D.A. Safe Schools #1 | 286-93 | \$ 36,727.70 |
| E.D.A. Small Projects #2 | 286-93 | 9,078.88 |
| E.D.A. Safe Schools #3 | 114-93 | 45,510.40 |
| E.D.A. Small Projects #4 | 114-93 | 11,250.00 |
| E.D.A. Safe Schools #5 | 266-93 | 16,934.22 |

6. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2011.

RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010 | NCLB Title I |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? X yes no

RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs? Unqualified

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued in compliance for major programs: _____

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? yes X no

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|--|
| <u>495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u>495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None reported.

RED BANK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

None reported.

RED BANK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and OMB Circular A-133 (section .315 (a)(b)) and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.