

**ROCKAWAY TOWNSHIP  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual  
Financial Report**

**of the**

**Rockaway Township School District**

**Rockaway, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Rockaway Township Board of Education**

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INTRODUCTORY SECTION



# ROCKAWAY TOWNSHIP PUBLIC SCHOOLS

**S.T.A.R.S.**

*Students and Teachers Achieve Real Success*

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Administration Building  
16 School Road, P.O. Box 500  
Hibernia, NJ 07842  
973-627-8200

September 16, 2011

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped children. The District completed the 2010-2011 fiscal year with an average daily enrollment of 2,562 students, which is a decrease of 57 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the past five years:

The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
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<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2010-2011	2,562	-2.17%
2009-2010	2,619	-3.54%
2008-2009	2,715	-1.16%
2007-2008	2,747	-3.41%
2006-2007	2,844	-0.21%

## 2) ECONOMIC CONDITION AND OUTLOOK:

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

## 3) MAJOR INITIATIVES:

During the 2010-2011 academic year, the District made significant changes in the structure and content of its curriculum. Programmatic changes were made from a Literacy Based Reading Program and a Text Based Mathematics Program to a Balanced Literacy Program and Everyday Math Program. Since 2004, over \$1,200,000 has been committed to this initiative, including significant additions to the District's Instructional Support Staff and Classroom Teacher Training. Further refinements to these programs are planned for 2011-2012.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2011.

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

**7) DEBT ADMINISTRATION:** The District retired \$375,000 of its existing bonds during the fiscal year, and the District's outstanding bonded debt at June 30, 2011 consisted of \$6,485,000 of refunding school bonds. The District also has several capital leases for the purchase of vehicles and buses. Principal payments on the leases were \$524,392 during the fiscal year, and the balance at June 30, 2011 was \$3,479,570. Other details about the District's debt are included in Note 7 to the Basic Financial Statements.

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

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

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

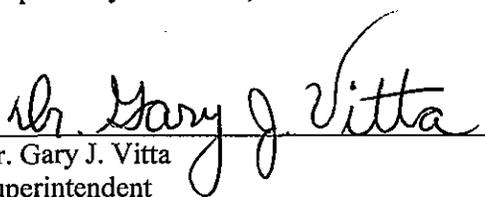
The Honorable President and Members  
of the Board of Education  
Rockaway Township School District  
Page 4  
September 16, 2011

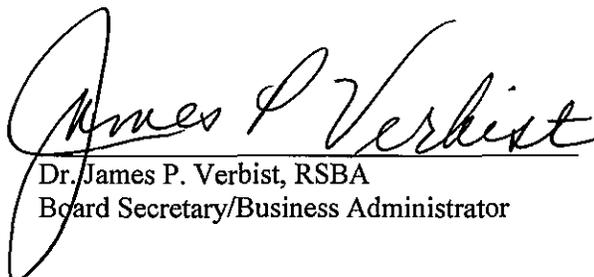
10) OTHER INFORMATION:

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

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

Respectfully submitted,

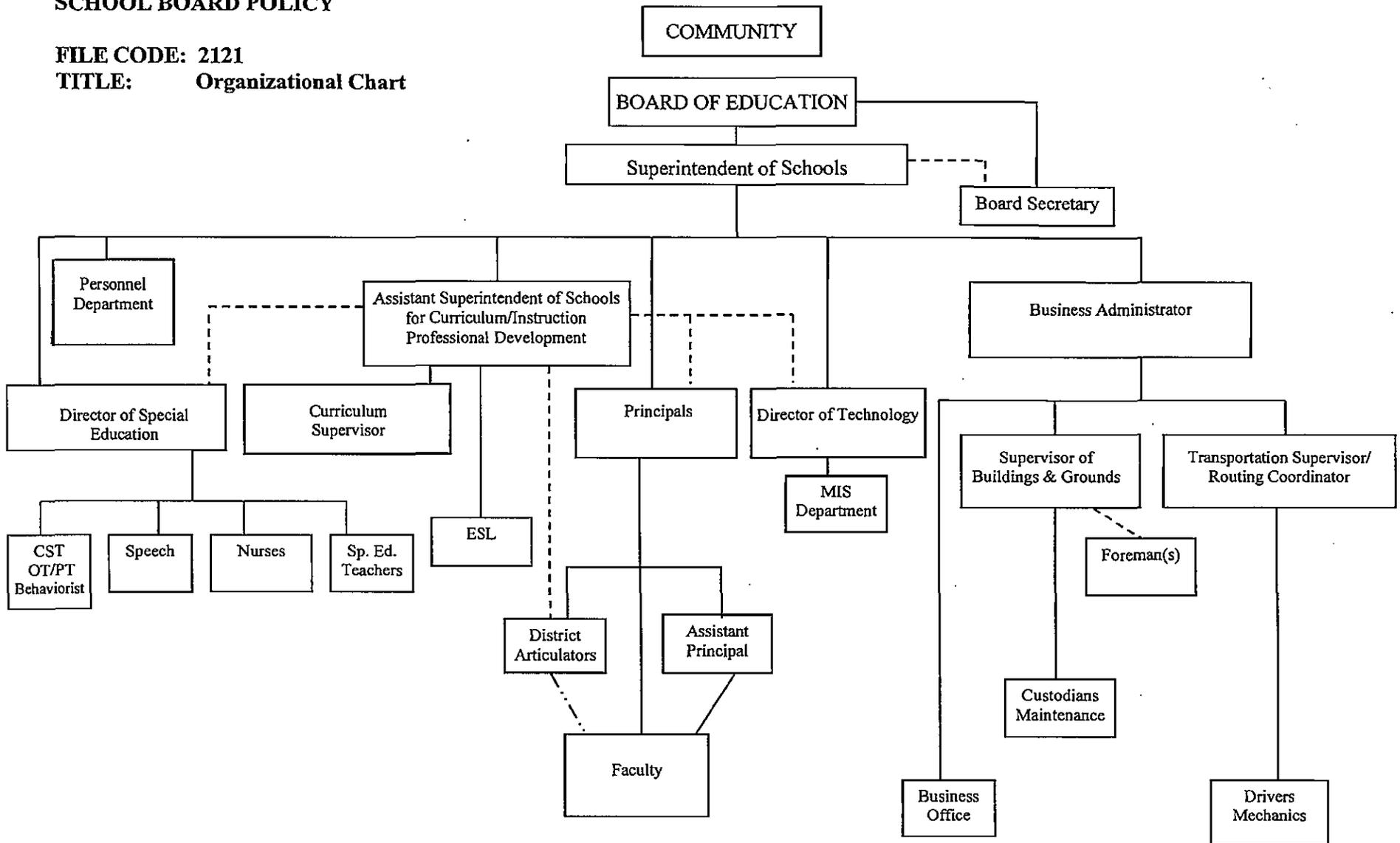
  
Dr. Gary J. Vitta  
Superintendent

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

**ROCKAWAY TOWNSHIP PUBLIC SCHOOLS  
SCHOOL BOARD POLICY**

**FILE CODE: 2121**

**TITLE: Organizational Chart**



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

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

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

**Roster of Officials  
June 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Michael Friedberger, President	2013
Susan Shanik Salny, Vice President	2013
Frank P. Giarratano	2014
Joseph Jackson	2012
Robert Kurland	2014
Michael Puzio	2013
Fred West	2012

**Other Officials**

Dr. Gary J. Vitta	Superintendent of Schools
Dr. James P. Verbist	Board Secretary/Business Administrator.
Dr. Deborah J. Grefe	Assistant superintendent of Curriculum/ Instruction & Professional Development
Lisa Palmieri, Treasurer	Treasurer

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
Consultants and Advisors

**Audit Firm**

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

**Attorney**

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

**Official Depository**

PNC National Bank  
East Main Street  
Rockaway, New Jersey 07866

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District in the County of Morris as of and for the fiscal year ended June 30, 2011 which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District in the County of Morris as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011 on our consideration of the Board of Education of the Rockaway Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

*Nisivoccia, LLP*

NISIVOCCIA, LLP

September 16, 2011  
Mt. Arlington, New Jersey

*Kathryn L. Mantell*

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

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

This section of Rockaway Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's total net assets increased by \$811,770 or 6.33%.
- Overall revenue was \$48,134,461.
- Overall expenditures were \$47,322,691.
- The District spent \$3,123,423 for capital outlay including the installation of solar panels at two District schools as well as purchases of equipment and vehicles.

**Overview of the Financial Statements**

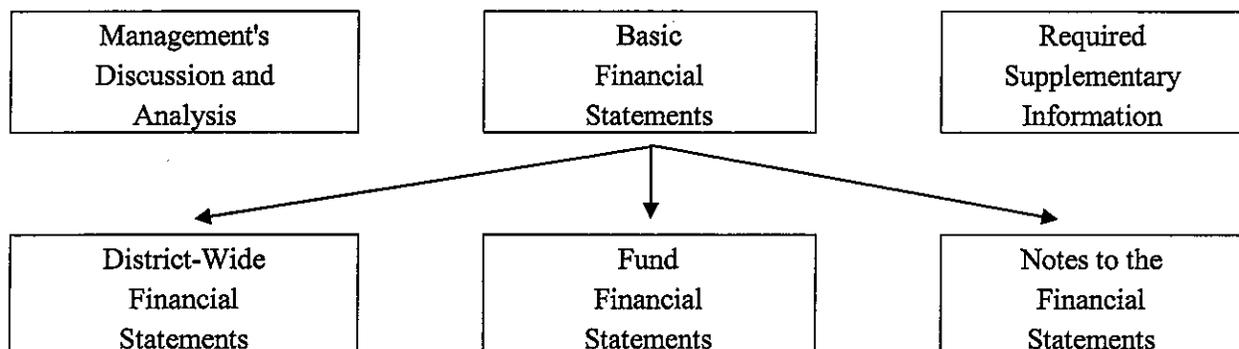
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

**Figure A-1**

**Organization of Rockaway Township School District's Financial Report**



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

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

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

**Figure A-2**

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

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

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

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

***District-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

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

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

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

*Net Assets.* The District's *combined* net assets were \$13,627,073 on June 30, 2011, which is \$811,770, or 6.33%, more than they were the year before. (See Figure A-3).

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Current and Other Assets	\$ 3,243,400	\$ 2,663,332	\$ 290,190	\$ 221,949	\$ 3,533,590	\$ 2,885,281	22.47%
Capital Assets	21,702,249	19,690,194	70,784	80,412	21,773,033	19,770,606	10.13%
Total Assets	24,945,649	22,353,526	360,974	302,361	25,306,623	22,655,887	11.70%
Long-Term Debt	11,211,697	9,344,509			11,211,697	9,344,509	19.98%
Other Liabilities	366,020	395,527	101,833	100,548	467,853	496,075	-5.69%
Total Liabilities	11,577,717	9,740,036	101,833	100,548	11,679,550	9,840,584	18.69%
<b>Net Assets:</b>							
Invested in Capital Assets, Net of Related Debt	11,737,679	11,884,590	70,784	80,412	11,808,463	11,965,002	-1.31%
Restricted	1,840,611	1,952,233			1,840,611	1,952,233	-5.72%
Unrestricted (Deficit)	(210,358)	(1,223,333)	188,357	121,401	(22,001)	(1,101,932)	98.00%
Total Net Assets	\$ 13,367,932	\$ 12,613,490	\$ 259,141	\$ 201,813	\$ 13,627,073	\$ 12,815,303	6.33%

*Changes in Net Assets.* The District's combined net assets increased \$811,770. Net assets from governmental activities increased \$754,442 while net assets from business-type activities increased \$57,328. Net assets invested in capital assets decreased \$156,539 due to reductions in long-term debt and the acquisition of new equipment, vehicles and solar panels offset by current year depreciation and asset disposals. Restricted net assets decreased \$111,622 primarily due to a decrease in "excess surplus" pursuant to State statute. Unrestricted net assets increased by \$1,079,931 primarily due to \$2,038,837 in unexpended budget appropriations and the reduction of \$304,078 in compensated absences payable (due to staff retirements), offset by \$1,041,167 of surplus used to support the 2010-2011 budget.

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

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

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Revenue:							
Program Revenue:							
Charges for Services	\$ 58,398	\$ 91,046	\$ 644,680	\$ 675,403	\$ 703,078	\$ 766,449	-8.27%
Operating Grants/Contributions	5,688,248	6,763,967	185,111	189,857	5,873,359	6,953,824	-15.54%
General Revenue:							
Property Taxes	40,681,287	39,109,380			40,681,287	39,109,380	4.02%
Unrestricted Federal/State Aid	710,376	1,978,560			710,376	1,978,560	-64.10%
Other	166,168	144,746	193	161	166,361	144,907	14.81%
Total Revenue	<u>47,304,477</u>	<u>48,087,699</u>	<u>829,984</u>	<u>865,421</u>	<u>48,134,461</u>	<u>48,953,120</u>	-1.67%
Expenses:							
Instruction	25,088,372	26,915,693			25,088,372	26,915,693	-6.79%
Pupil and Instruction Services	7,921,650	8,347,696			7,921,650	8,347,696	-5.10%
Administrative and Business	4,846,485	5,146,182			4,846,485	5,146,182	-5.82%
Maintenance and Operations	4,674,207	4,794,236			4,674,207	4,794,236	-2.50%
Transportation	2,933,411	3,126,101			2,933,411	3,126,101	-6.16%
Special Schools		44,501				44,501	-100.00%
Other	1,085,910	1,308,379	772,656	814,667	1,858,566	2,123,046	-12.46%
Total Expenses	<u>46,550,035</u>	<u>49,682,788</u>	<u>772,656</u>	<u>814,667</u>	<u>47,322,691</u>	<u>50,497,455</u>	-6.29%
Increase (Decrease) in Net Assets	<u>\$ 754,442</u>	<u>\$(1,595,089)</u>	<u>\$ 57,328</u>	<u>\$ 50,754</u>	<u>\$ 811,770</u>	<u>\$(1,544,335)</u>	-152.56%

*Revenue Sources.* The District's total revenue for the 2010/2011 school year was \$48,134,461. (Refer to Figure A-5). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$40,681,287 of the total, or 84.52 percent. Another \$4,686,006 or 9.74% came from state and federal aid for specific programs, \$1,897,729 or 3.94% came from State formula aid, and the remainder from miscellaneous sources. The Rockaway Township School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5  
Sources of School District Revenue - Fiscal Year 2011 and 2010**

	2011	Percentage	2010	Percentage
Sources of Income:				
State Formula Aid	\$ 1,897,729	3.94%	\$ 3,059,508	6.25%
Property Taxes	40,681,287	84.52%	39,109,380	79.89%
Federal and State Categorical Grants	4,686,006	9.74%	5,872,876	12.00%
Charges for Services	703,078	1.46%	766,449	1.57%
Other	<u>166,361</u>	<u>0.35%</u>	<u>144,907</u>	<u>0.30%</u>
Total Revenue	<u>\$ 48,134,461</u>	<u>100.00%</u>	<u>\$ 48,953,120</u>	<u>100.00%</u>

The total cost of all programs and services was \$47,322,691. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.96%). (See Figure A-6.) The District's administration and business activities accounted for 10.24% of total costs. Maintenance and Operations costs constituted 9.88% of total costs. It is important to note that expenses for the year include \$1,045,339 in depreciation which is included in the "other" category.

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

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

**Figure A-6  
Sources of School District Expenses - Fiscal Year 2011 and 2010**

Expense Category:	2011	Percentage	2010	Percentage
Instruction	\$ 25,088,372	53.02%	\$ 26,915,693	53.30%
Pupil and Instruction Services	7,921,650	16.74%	8,347,696	16.53%
Administrative and Business	4,846,485	10.24%	5,146,182	10.19%
Maintenance and Operations	4,674,207	9.88%	4,794,236	9.49%
Transportation	2,933,411	6.20%	3,126,101	6.19%
Special Schools		0.00%	44,501	0.09%
Other	1,858,566	3.93%	2,123,046	4.20%
	<u>\$ 47,322,691</u>	<u>100.00%</u>	<u>\$ 50,497,455</u>	<u>100.00%</u>

***Governmental Activities***

The financial position of the District increased \$754,442 over the course of the year due the net increase of \$2,002,427 in capital assets offset by the continued use of net assets (or existing funds) to offset reductions in state aid in order to support planned expenditures. As a result of legislation (S-1701), the District was required to use \$230,964 of net assets to fund the 2010/11 budget. Existing programs with decreasing regular pupil enrollment and the provision of programs and services for students with special needs place great demands on the District's resources. During the past three years, several veteran teachers have retired and been replaced by teachers of less experience or the positions were eliminated. Such changes have generated salary savings, but these have not been sufficient to offset the rising costs, decreasing enrollment, special education requirements and health benefits. It is crucial that the District monitors its expenditures carefully, management of expenses remains essential for the District to maintain its financial health. State aid remains relatively level while certain costs continue to escalate.

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

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

	Total Costs of Services		Net Cost of Services	
	2010/2011	2009/2010	2010/2011	2009/2010
Instruction	\$ 25,088,372	\$ 26,915,693	\$ 20,293,626	\$ 21,133,664
Pupil and Instruction Services	7,921,650	8,347,696	7,229,928	7,901,130
Administration and Business	4,846,485	5,146,182	4,651,460	4,955,010
Maintenance and Operations	4,674,207	4,794,236	4,674,207	4,794,236
Transportation	2,933,411	3,126,101	2,868,258	2,690,855
Special Schools		44,501		44,501
Other	1,085,910	1,308,379	1,085,910	1,308,379
	<u>\$ 46,550,035</u>	<u>\$ 49,682,788</u>	<u>\$ 40,803,389</u>	<u>\$ 42,827,775</u>

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

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

***Governmental Activities***

- The cost of all governmental activities this year was \$46,550,035.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$6,583,735.
- Most of the District's costs, however, were financed by District taxpayers (\$40,681,287).
- The remainder of the funding came from miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net assets from the District's business-type activities increased by \$57,328. (Refer to Figure A-4). Net assets for the food service program increased \$59,835 due to increases in state and federal subsidies and student participation, and net assets for the summer enrichment program decreased \$2,507 primarily due to increased costs.

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

The District's financial position remains stable despite changes in the student population and the rising cost of fixed obligations. A continued increase in special education enrollment has also forced the District to expand its classroom teaching and support staff. The cost of these teachers has been somewhat offset by salary reductions realized from the retirement of veteran staff members. Health benefit costs for all staff have increased dramatically in the past several years. The District has negotiated favorable health rates for 2011-2012. The District has installed solar panels at Stony Brook and Copeland Middle Schools to help offset escalating utility costs. The District's participation in several insurance pools has helped stabilize insurance rates.

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

**General Fund Budgetary Highlights**

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

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

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

**Capital Asset and Debt Administration**

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

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Land	\$ 3,242,866	\$ 3,242,866			\$ 3,242,866	\$ 3,242,866	0.00%
Construction in Progress	2,833,665				2,833,665		100.00%
Buildings and Building Improvements	12,540,467	13,178,624			12,540,467	13,178,624	-4.84%
Machinery & Equipment	3,085,251	3,268,704	\$ 70,784	\$ 80,412	3,156,035	3,349,116	-5.77%
Total Capital Assets, (Net of Depreciation)	<u>\$ 21,702,249</u>	<u>\$ 19,690,194</u>	<u>\$ 70,784</u>	<u>\$ 80,412</u>	<u>\$ 21,773,033</u>	<u>\$ 19,770,606</u>	10.13%

The \$2,002,427 increase in capital assets is due to the acquisition of new equipment and vehicles totaling \$312,333 and solar panels totaling \$2,833,665 which were offset by \$1,045,339 in current year depreciation and \$98,232 in disposals (at net book or carrying value) during the year.

**Long-term Debt**

At year-end, the District had \$6,485,000 in general obligation bonds outstanding which were offset by deferred interest of \$159,905 and reported as a net \$6,325,095. The decrease from the previous year represents bond principal payments of \$375,000. Capital leases payable increased \$2,533,966 as a result of the acquisition of new school buses and solar panels totaling \$3,058,358 offset by lease payments of \$524,392. The District's compensated absences payable decreased overall by \$304,078 due to staff retirements. (See Figure A-9.) (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

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

	Total School District		Percent Change
	2010/2011	2009/2010	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 6,325,095	\$ 6,687,795	-5.42%
Obligations Under Capital Leases	3,479,570	945,604	267.97%
Other Long-term Liabilities	1,407,032	1,711,110	-17.77%
	<u>\$ 11,211,697</u>	<u>\$ 9,344,509</u>	19.98%

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

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

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

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

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

Despite the construction of additional space at Stony Brook and Copeland Middle School authorized in 1998, most of the District's six schools are currently near capacity.

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,105,716	\$ 240,483	\$ 1,346,199
Receivable from Federal Government	556,875	31,249	588,124
Receivable from State Government	142,332	2,210	144,542
Receivable from Other Governments	41,851	639	42,490
Inventories		13,967	13,967
Prepaid Expenses		1,642	1,642
Unamortized Bond Issuance Costs	87,780		87,780
<b>Restricted Assets:</b>			
Capital Reserve Account - Cash	1,308,846		1,308,846
<b>Capital Assets:</b>			
Sites (Land) and Construction in Progress	6,076,531		6,076,531
Depreciable Building and Building Improvements and Machinery and Equipment	15,625,718	70,784	15,696,502
<b>Total Assets</b>	<b>24,945,649</b>	<b>360,974</b>	<b>25,306,623</b>
<b>LIABILITIES:</b>			
Accrued Interest Payable	87,702		87,702
Accounts Payable - Vendors	278,318	56,125	334,443
Deferred Revenue		45,708	45,708
<b>Noncurrent Liabilities:</b>			
Due Within One Year, Net	769,628		769,628
Due Beyond One Year, Net	10,442,069		10,442,069
<b>Total Liabilities</b>	<b>11,577,717</b>	<b>101,833</b>	<b>11,679,550</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	11,737,679	70,784	11,808,463
<b>Restricted for:</b>			
Debt Service	1		1
Other Purposes	1,840,610		1,840,610
Unrestricted (Deficit)	(210,358)	188,357	(22,001)
<b>Total Net Assets</b>	<b>\$ 13,367,932</b>	<b>\$ 259,141</b>	<b>\$ 13,627,073</b>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 15,882,834		\$ 1,829,176		\$ (14,053,658)		\$ (14,053,658)
Special Education	7,509,447		2,800,950		(4,708,497)		(4,708,497)
Other Special Instruction	1,529,569		119,922		(1,409,647)		(1,409,647)
Other Instruction	166,522		44,698		(121,824)		(121,824)
<b>Support Services:</b>							
Tuition	1,144,983	\$ 56,630			(1,088,353)		(1,088,353)
Student & Instruction Related Services	6,776,667		635,092		(6,141,575)		(6,141,575)
General Administration Services	777,294		16,775		(760,519)		(760,519)
School Administration Services	2,621,277		178,250		(2,443,027)		(2,443,027)
Central Services	765,825				(765,825)		(765,825)
Administrative Information Technology	682,089				(682,089)		(682,089)
Plant Operations and Maintenance	4,674,207				(4,674,207)		(4,674,207)
Pupil Transportation	2,933,411	1,768	63,385		(2,868,258)		(2,868,258)
Capital Outlay	75,657				(75,657)		(75,657)
Transfer of Funds to Charter Schools	71,027				(71,027)		(71,027)
Interest on Long-Term Debt	284,346				(284,346)		(284,346)
Unallocated Depreciation	654,880				(654,880)		(654,880)
<b>Total Governmental Activities</b>	<b>46,550,035</b>	<b>58,398</b>	<b>5,688,248</b>		<b>(40,803,389)</b>		<b>(40,803,389)</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Business-type Activities:</b>							
Food Service Program	\$ 718,013	\$ 592,551	\$ 185,111			\$ 59,649	\$ 59,649
Summer Enrichment Program	54,643	52,129				(2,514)	(2,514)
<b>Total Business-type Activities</b>	<u>772,656</u>	<u>644,680</u>	<u>185,111</u>			<u>57,135</u>	<u>57,135</u>
<b>Total Primary Government</b>	<u>\$ 47,322,691</u>	<u>\$ 703,078</u>	<u>\$ 5,873,359</u>	<u>\$ - 0 -</u>	<u>\$ (40,803,389)</u>	<u>57,135</u>	<u>(40,746,254)</u>
<b>General Revenue:</b>							
Property Taxes, Levied for General Purposes, Net				40,194,736			40,194,736
Taxes Levied for Debt Service				486,551			486,551
Federal and State Aid not Restricted				710,376			710,376
Miscellaneous Income				166,168		193	166,361
<b>Total General Revenue</b>				<u>41,557,831</u>		<u>193</u>	<u>41,558,024</u>
<b>Change in Net Assets</b>				<u>754,442</u>		<u>57,328</u>	<u>811,770</u>
<b>Net Assets - Beginning</b>				<u>12,613,490</u>		<u>201,813</u>	<u>12,815,303</u>
<b>Net Assets - Ending</b>				<u>\$ 13,367,932</u>		<u>\$ 259,141</u>	<u>\$ 13,627,073</u>

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

FUND FINANCIAL STATEMENTS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,105,715		\$ 1	\$ 1,105,716
Receivables From State Government	556,875			556,875
Receivables From Federal Government	12,933	\$ 129,399		142,332
Interfund Receivable	113,303			113,303
Other Accounts Receivable	41,851			41,851
Restricted Cash and Cash Equivalents	1,308,846			1,308,846
<b>Total Assets</b>	<u>\$ 3,139,523</u>	<u>\$ 129,399</u>	<u>\$ 1</u>	<u>\$ 3,268,923</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts Payable - Vendors	\$ 262,222	\$ 16,096		\$ 278,318
Interfund Payable		113,303		113,303
<b>Total Liabilities</b>	<u>262,222</u>	<u>129,399</u>		<u>391,621</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,308,846			1,308,846
Maintenance Reserve Account	122,390			122,390
Debt Service Fund			\$ 1	1
Assigned to:				
Year-end Encumbrances	409,374			409,374
Unassigned	1,036,691			1,036,691
<b>Total Fund Balances</b>	<u>2,877,301</u>		<u>1</u>	<u>2,877,302</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,139,523</u>	<u>\$ 129,399</u>	<u>\$ 1</u>	<u>\$ 3,268,923</u>

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

Total Fund Balances (Above)	\$ 2,877,302
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$33,482,966 and accumulated depreciation is \$14,614,382.	18,868,584
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(11,371,602)
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(87,702)
Bond issuance costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The cost is \$128,293 of which \$40,513 has been amortized.	87,780
Deferred interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The deferred interest is \$233,707 of which \$73,802 has been amortized.	159,905
<b>Net Assets of Governmental Activities</b>	<u>\$ 10,534,267</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Local Tax Levy	\$ 40,194,736		\$ 486,551	\$ 40,681,287
Tuition	56,630			56,630
Transportation Fees from Other LEAs	1,768			1,768
Interest Earned on Capital Reserve Funds	2,349			2,349
Miscellaneous	163,819			163,819
Total - Local Sources	40,419,302		486,551	40,905,853
State Sources	5,060,955		158,118	5,219,073
Federal Sources	416,850	\$ 762,701		1,179,551
Total Revenue	45,897,107	762,701	644,669	47,304,477
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	10,744,732	111,617		10,856,349
Special Education Instruction	4,894,672	62,411		4,957,083
Other Special Instruction	1,108,267			1,108,267
Other Instruction	32,172			32,172
Support Services and Undistributed Costs:				
Tuition	556,310	588,673		1,144,983
Student & Instruction Related Services	5,056,039			5,056,039
General Administration Services	926,991			926,991
School Administration Services	1,796,086			1,796,086
Central Services	553,876			553,876
Administrative Information Technology	566,549			566,549
Plant Operations and Maintenance	3,979,077			3,979,077

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Current:				
Support Services and Undistributed Costs:				
Pupil Transportation	\$ 2,647,174			\$ 2,647,174
Unallocated Benefits	12,287,118			12,287,118
Capital Outlay	3,123,423			3,123,423
Transfer to Charter School	71,027			71,027
Debt Service:				
Principal			\$ 375,000	375,000
Interest and Other Charges			269,669	269,669
Total Expenditures	48,343,513	\$ 762,701	644,669	49,750,883
Excess (Deficit) of Revenue over Expenditures	(2,446,406)			(2,446,406)
OTHER FINANCING SOURCES:				
Capital Leases (Non-Budgeted)	3,058,358			3,058,358
Total Other Financing Sources	3,058,358			3,058,358
Net Change in Fund Balances	611,952			611,952
Fund Balance—July 1	2,265,349		1	2,265,350
Fund Balance—June 30	\$ 2,877,301	\$ - 0 -	\$ 1	\$ 2,877,302

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 611,952

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

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

	Depreciation Expense	\$ (1,035,711)	
	Disposal of Capital Assets, Net of Accumulated Depreciation	(98,232)	
	Capital Outlays	<u>312,333</u>	
			(821,610)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). 304,078

Lease obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Assets and are not reported in the Statement of Activities. (3,058,358)

Repayment of capital lease is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities (+). 524,392

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities (+). 375,000

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).	\$ (12,300)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition to the reconciliation (+).	4,375
The governmental funds report the effect of issuance costs when debt is first issued, where as these amounts are deferred and amortized in the statement of activities (-).	<u>(6,752)</u>
Change in Net Assets of Governmental Activities (from Exhibit A-2)	<u><u>\$ (2,079,223)</u></u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	<u>Non-Major Business-Type Activities Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 240,483
Accounts Receivable:	
State	2,210
Federal	31,249
Other	639
Prepaid Expenses	1,642
Inventories	<u>13,967</u>
Total Current Assets	<u>290,190</u>
Capital Assets:	
Equipment	244,825
Accumulated Depreciation	<u>(174,041)</u>
Total Capital Assets	<u>70,784</u>
Total Assets	<u>360,974</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	56,125
Deferred Revenue	<u>45,708</u>
Total Current Liabilities	<u>101,833</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	70,784
Unrestricted	<u>188,357</u>
Total Net Assets	<u>\$ 259,141</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Non-Major Business-Type Activities Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 351,056
Daily Sales - Non-Reimbursable Programs	196,882
Special Functions	16,359
Miscellaneous Program Fees	80,383
	<hr/>
Total Operating Revenue	644,680
	<hr/>
Operating Expenses:	
Cost of Sales	320,649
Salaries	288,538
Supplies and Materials	6,782
Employee Benefits	68,557
Purchased Professional Services	75,252
Transportation	3,250
Depreciation	9,628
	<hr/>
Total Operating Expenses	772,656
	<hr/>
Operating Loss	(127,976)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	8,405
State School Breakfast Program	443
Federal Sources:	
National School Lunch Program	143,857
National School Breakfast Program	6,961
Special Milk Program	2,517
Food Distribution Program	22,928
Interest Income	193
	<hr/>
Total Non-Operating Revenue	185,304
	<hr/>
Change in Net Assets	57,328
	<hr/>
Net Assets - Beginning of Year	201,813
	<hr/>
Net Assets - End of Year	\$ 259,141
	<hr/> <hr/>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Non-Major Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 637,245
Payments to Employees	(357,095)
Payments to Suppliers	(363,341)
	(83,191)
Net Cash Used for Operating Activities	(83,191)
Cash Flows from Investing Activities:	
Interest Income	193
	193
Net Cash Provided by Investing Activities	193
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	139,424
	139,424
Net Cash Provided by Noncapital Financing Activities	139,424
Net Increase/(Decrease) in Cash and Cash Equivalents	56,426
Cash and Cash Equivalents, July 1	184,057
Cash and Cash Equivalents, June 30	\$ 240,483
Reconciliation of Operating Loss to Net Cash used for Operating Activities:	
Operating Loss	\$ (127,976)
Adjustment to Reconcile Operating Loss to Cash used for Operating Activities:	
Depreciation	9,628
Federal Food Distribution Program	22,928
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable, Net	2,569
(Increase) in Prepaid Expenses	(804)
Decrease in Inventory	9,180
(Decrease) in Deferred Revenue	(4,442)
Increase in Accounts Payable	5,726
	5,726
Net Cash Used for Operating Activities	\$ (83,191)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$22,928 and \$18,170, respectively.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2011

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
Cash and Cash Equivalents	\$ 277,200	\$ 107,158	\$ 2,006
Total Assets	<u>277,200</u>	<u>107,158</u>	<u>2,006</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	\$ 165,666		
Accrued Salaries and Wages	584		
Due to Family Outreach	196		
Due to Student Groups	<u>110,754</u>		
Total Liabilities	<u>277,200</u>		
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		\$ 107,158	
Held in Trust for Flex Spending Claims			<u>\$ 2,006</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 107,158</u>	<u>\$ 2,006</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 68,896	
Employer	358,177	
Interest Earnings	26	\$ 2
Total Contributions	<u>427,099</u>	<u>2</u>
DEDUCTIONS:		
Unemployment Benefit Claims	346,174	
Flex Spending Claims		<u>2,087</u>
Total Deductions	<u>346,174</u>	<u>2,087</u>
Change in Net Assets	80,925	(2,085)
Net Assets - Beginning of the Year	<u>26,233</u>	<u>4,091</u>
Net Assets - End of the Year	<u>\$ 107,158</u>	<u>\$ 2,006</u>

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

District-Wide Financial Statements:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,666,406	\$ 754,373
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		8,328
Prior Year State Aid payments recognized for GAAP Statements	364,161	
Current Year State Aid payments recognized for Budgetary purposes, not recognized for GAAP Statements	(133,460)	
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 45,897,107	\$ 762,701
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,343,513	\$ 754,373
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		8,328
Total Expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 48,343,513	\$ 762,701

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amount earned by these employees but not disbursed was \$584.

N. Compensated Absences:

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

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

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,877,301 General Fund balance at June 30, 2011, \$409,374 is assigned for encumbrances; \$1,308,846 is restricted in the capital reserve account; \$122,390 is restricted in the maintenance reserve account; and \$1,092,008 is unassigned fund balance which is \$133,460 less than the calculated maximum unrestricted fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2012.

Debt Service Fund: The Debt Service Fund balance at June 30, 2011 of \$1 is restricted.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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

The District's assigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$133,460 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

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

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances at June 30, 2011.

S. Deficit Fund Balances/Net Assets:

The District has a \$210,358 deficit in its Unrestricted Net Assets at June 30, 2011 as the result of the accrual of interest and compensated absences payable. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

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

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

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

Investments:

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

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

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking and Savings Accounts	\$ 1,732,563	\$ 1,308,846	\$ 3,041,409

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$3,041,409 and the bank balance was \$3,876,118.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 4. CAPITAL RESERVE ACCOUNT**

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

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

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

Beginning Balance, July 1, 2010	\$	386,660
Increased by:		
Interest Earnings		2,349
Unexpended Capital Outlay Appropriations		48,982
Deposit approved by Resolution - June 2011		1,000,000
		1,437,991
Decreased by:		
Budgeted Withdrawal for Capital Outlay		(129,145)
Ending Balance, June 30, 2011	\$	1,308,846

The balance in the capital reserve account as of June 30, 2011 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**NOTE 5. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account in the amount of \$500,000 was established by Board resolution in June of 2011. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)**

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

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

Increased by:	
Deposit approved by Resolution - June 2011	\$ 122,890
Ending Balance, June 30, 2011	<u>\$ 122,890</u>

**NOTE 6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 3,242,866			\$ 3,242,866
Construction in Progress		<u>\$ 2,833,665</u>		<u>2,833,665</u>
Total Capital Assets not Being Depreciated	<u>3,242,866</u>	<u>2,833,665</u>		<u>6,076,531</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	23,624,301			23,624,301
Machinery and Equipment	<u>6,808,623</u>	<u>\$ 312,333</u>	<u>\$ (505,157)</u>	<u>6,615,799</u>
Total Capital Assets Being Depreciated	<u>30,432,924</u>	<u>312,333</u>	<u>(505,157)</u>	<u>30,240,100</u>
Governmental Activities Capital Assets	<u>33,675,790</u>	<u>3,145,998</u>	<u>(505,157)</u>	<u>36,316,631</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(10,445,677)	(638,157)		(11,083,834)
Machinery and Equipment	<u>(3,539,919)</u>	<u>(397,554)</u>	406,925	<u>(3,530,548)</u>
Total Accumulated Depreciation	<u>(13,985,596)</u>	<u>(1,035,711)</u>	406,925	<u>(14,614,382)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,690,194</u>	<u>\$ 2,110,287</u>	<u>\$ (98,232)</u>	<u>\$ 21,702,249</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 6. CAPITAL ASSETS (Cont'd)**

## Business -Type Activities:

## Capital Assets Being Depreciated

Furniture and Equipment	\$ 244,825		\$ 244,825
Less: Accumulated Depreciation	<u>(164,413)</u>	<u>\$ (9,628)</u>	<u>(174,041)</u>

Business-Type Activities Capital Assets, Net  
of Accumulated Depreciation

	<u>\$ 80,412</u>	<u>\$ (9,628)</u>	<u>\$ -0-</u>	<u>\$ 70,784</u>
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Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 4,341
Special Education Instruction	39,841
Student & Instruction Related Services	2,959
Central Services	29,444
School Administrative Services	5,302
Plant Operations and Maintenance	44,111
Pupil Transportation	254,833
Unallocated Depreciation	<u>654,880</u>
	<u>\$ 1,035,711</u>

During the current fiscal year, the District entered a capital lease in the amount of \$2,833,665 for the installation of solar panels at two of the District's schools. The project was not complete at June 30, 2011; therefore, the entire amount of the lease is in Construction in Progress. The District also expended \$312,333 for the acquisition of vehicles and equipment and incurred \$1,035,711 in depreciation expense. The District also disposed of capital assets with an original value of \$505,157, \$406,925 in accumulated depreciation, and a \$98,232 carrying value.

**NOTE 7. LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance June 30, 2010	Accrued	Retired	Balance June 30, 2011
Serial Bonds Payable	\$ 6,860,000		\$ 375,000	\$ 6,485,000
Less: Deferred Amount on Refunding	<u>(172,205)</u>		<u>12,300</u>	<u>(159,905)</u>
Net Serial Bonds Payable	6,687,795		387,300	6,325,095
Capital Leases Payable	945,604	\$ 3,058,358	524,392	3,479,570
Compensated Absences Payable	<u>1,711,110</u>	<u>223,886</u>	<u>527,964</u>	<u>1,407,032</u>
	<u>\$ 9,344,509</u>	<u>\$ 3,282,244</u>	<u>\$ 1,439,656</u>	<u>\$ 11,211,697</u>

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

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

**A. Bonds Payable:**

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

The District had bonds outstanding at June 30, 2011 as follows:

<u>Serial Bonds</u>			
<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
05/01/05	09/01/24	3.50% - 4.25%	<u>\$ 6,485,000</u>

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

<u>Fiscal Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 375,000	\$ 256,544	\$ 631,544
2013	370,000	242,581	612,581
2014	370,000	227,781	597,781
2015	365,000	213,081	578,081
2016	365,000	198,481	563,481
2017-2021	2,100,000	763,764	2,863,764
2022-2025	<u>2,540,000</u>	<u>220,801</u>	<u>2,760,801</u>
	<u>\$ 6,485,000</u>	<u>\$ 2,123,033</u>	<u>\$ 8,608,033</u>

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

As a result of the advance refunding, the District reduced its total debt service requirements by \$400,759, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$275,779. Interest in the amount of \$233,707 was deferred upon issuance, \$12,300 was amortized during the current fiscal year, and \$159,905 is deferred at June 30, 2011.

**B. Bonds Authorized But Not Issued:**

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

C. Capital Leases Payable:

The District purchased various vehicles and buses under capital leases. All capital leases are for terms of three years and will be retired through the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2011.

	<u>Amount</u>
2012	\$ 492,571
2013	764,040
2014	653,846
2015	653,846
2016	618,184
2017	606,113
	3,788,600
Less: Amount Representing Interest	(309,030)
Present Value of Net Minimum Lease Payments	\$ 3,479,570

The current portion of capital leases payable is \$394,628 and the long term portion is \$3,084,942.

D. Compensated Absences Payable:

No portion of the compensated absences balance represents a current liability; therefore, the entire balance of \$1,407,032 is reported as a long-term liability in the governmental fund types. The General Fund will be used to liquidate Compensated Absences Payable.

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

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2011, the District made transfers to capital outlay accounts in the amount of \$17,708 for equipment and \$2,292 for facilities acquisition and construction which did not require county superintendent approval.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 9. PENSION PLANS

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

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to \$614,683, \$534,601 and \$466,644 for the fiscal years ended June 30, 2011, 2010 and 2009 respectively.

During the fiscal years ended June 30, 2011, 2010, and 2009 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the District.

The employee and employer contributions to DCRP for the fiscal years ended June 30, 2011, 2010 and 2009 were \$4,360, \$0- and \$0-, respectively.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)**

The State is also responsible for the cost attributed 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.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,415,038, \$1,349,439 and \$1,325,111 for 2011, 2010, and 2009, respectively.

**NOTE 11. DEFERRED COMPENSATION**

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

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

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

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balance remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 113,303	
Special Revenue Fund		\$ 113,303
	<u>\$ 113,303</u>	<u>\$ 113,303</u>

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

**NOTE 13. ECONOMIC DEPENDENCY**

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 14. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

The June 30, 2011 financial statements for the SAIF and NJSBAIG were not available as of the date of this report, however, selected financial information for the SAIF and NJSBAIG as of June 30, 2010 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>New Jersey School Boards' Association Insurance Group</u>
Total Assets	\$ 34,204,943	\$ 241,084,120
Net Assets	\$ 12,737,759	\$ 57,984,070
Total Revenue	\$ 29,467,938	\$ 85,455,060
Total Expenses	\$ 29,997,505	\$ 76,536,630
Change in Net Assets	\$ 529,567	\$ 8,918,430
Net Assets Distribution to Participating Members	\$ 1,150,000	\$ -0-

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 14. RISK MANAGEMENT (Cont'd)**

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

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

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

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

**New Jersey Unemployment Compensation Insurance**

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 358,177	\$ 68,922	\$ 346,174	\$ 107,158
2010	-0-	85,352	108,014	26,233
2009	-0-	79,082	62,284	48,895

**NOTE 15. TAX CALENDAR**

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

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds.

General Fund	Speical Revenue Fund	Total Governmental Funds
\$ 409,374	\$ 10,286	\$ 419,660

In the District's Governmental Funds Balance Sheet as of June 30, 2011, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$10,286 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in deferred revenue on the GAAP basis in the Special Revenue Fund.

**BUDGETARY COMPARISON SCHEDULES**

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
Revenue:					
Local Sources:					
Local Tax Levy	\$ 40,194,736		\$ 40,194,736	\$ 40,194,736	
Tuition - From Other LEA's	43,750		43,750	56,630	\$ 12,880
Transportation Fees - From Individuals	5,000		5,000	1,768	(3,232)
Interest Earned on Capital Reserve Funds	3,000		3,000	2,349	(651)
Miscellaneous	45,000		45,000	163,819	118,819
Total - Local Sources	<u>40,291,486</u>		<u>40,291,486</u>	<u>40,419,302</u>	<u>127,816</u>
State Sources:					
Special Education Aid	1,387,892		1,387,892	1,387,892	
Extraordinary Aid	624,572		624,572	469,508	(155,064)
Nonpublic Transportation				13,329	13,329
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				66,621	66,621
TPAF - Post Retirement (On-Behalf - Non-Budgeted)				1,415,038	1,415,038
TPAF Social Security (Reimbursed - Non-Budgeted)				1,477,866	1,477,866
Total State Sources	<u>2,012,464</u>		<u>2,012,464</u>	<u>4,830,254</u>	<u>2,817,790</u>
Federal Sources:					
Impact Aid	150,000		150,000	310,309	160,309
Education Jobs Fund - ARRA		\$ 122,545	122,545	106,541	(16,004)
Total Federal Sources	<u>150,000</u>	<u>122,545</u>	<u>272,545</u>	<u>416,850</u>	<u>144,305</u>
Total Revenue	<u>42,453,950</u>	<u>122,545</u>	<u>42,576,495</u>	<u>45,666,406</u>	<u>3,089,911</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	\$ 401,220	\$ (19,223)	\$ 381,997	\$ 371,079	\$ 10,918
Grades 1-5 - Salaries of Teachers	6,857,612	(616,845)	6,240,767	6,070,929	169,838
Grades 6-8 - Salaries of Teachers	3,605,252		3,605,252	3,545,757	59,495
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	14,000		14,000	13,156	844
Purchased Professional-Educational Services	3,000	23,130	26,130	19,258	6,872
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	5,500	21,878	27,378	23,021	4,357
Purchased Professional-Educational Services	16,850	(5,152)	11,698	8,125	3,573
Purchased Technical Services					
Other Purchased Services					
General Supplies	431,412	316,326	747,738	637,079	110,659
Textbooks	91,701	(25,704)	65,997	56,328	9,669
<b>Total Regular Programs - Instruction</b>	<u>11,426,547</u>	<u>(305,590)</u>	<u>11,120,957</u>	<u>10,744,732</u>	<u>376,225</u>
<b>Special Education - Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	558,385	(53,744)	504,641	504,641	
Other Salaries for Instruction	170,605	(145,628)	24,977	24,706	271
General Supplies	6,200	(2,848)	3,352	2,960	392
<b>Total Learning and/or Language Disabilities</b>	<u>735,190</u>	<u>(202,220)</u>	<u>532,970</u>	<u>532,307</u>	<u>663</u>
<b>Visual Impairments:</b>					
Other Salaries for Instruction	500		500		500
<b>Total Visual Impairments</b>	<u>500</u>		<u>500</u>		<u>500</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
Expenditures:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 235,141	\$ (9,771)	\$ 225,370	\$ 224,020	\$ 1,350
Other Salaries for Instruction	53,430	11,980	65,410	64,789	621
General Supplies	2,100	(1,500)	600	539	61
<b>Total Behavioral Disabilities</b>	<b>290,671</b>	<b>709</b>	<b>291,380</b>	<b>289,348</b>	<b>2,032</b>
Multiple Disabilities:					
Salaries of Teachers	89,720	54,966	144,686	143,169	1,517
Other Salaries for Instruction	127,055	(60,711)	66,344	60,641	5,703
General Supplies	3,200	(1,727)	1,473	1,032	441
Other Objects		227	227	169	58
<b>Total Multiple Disabilities</b>	<b>219,975</b>	<b>(7,245)</b>	<b>212,730</b>	<b>205,011</b>	<b>7,719</b>
Resource Room/Resource Center:					
Salaries of Teachers	3,027,485	162,622	3,190,107	3,190,106	1
Other Salaries for Instruction	33,455	47,168	80,623	80,471	152
General Supplies	8,500	(2,585)	5,915	5,302	613
<b>Total Resource Room/Resource Center</b>	<b>3,069,440</b>	<b>207,205</b>	<b>3,276,645</b>	<b>3,275,879</b>	<b>766</b>
Autism:					
Salaries of Teachers	261,669	(56,414)	205,255	205,149	106
Other Salaries for Instruction	94,143	(72,110)	22,033	21,913	120
General Supplies	3,233	789	4,022	3,459	563
Other Objects		339	339	230	109
<b>Total Autism</b>	<b>359,045</b>	<b>(127,396)</b>	<b>231,649</b>	<b>230,751</b>	<b>898</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Preschool Disabilities - Part Time:</b>					
Salaries of Teachers	\$ 270,394	\$ (128,364)	\$ 142,030	\$ 140,133	\$ 1,897
Other Salaries for Instruction	105,988	(11,486)	94,502	94,065	437
General Supplies	2,800	(1,290)	1,510	1,351	159
Other Objects		1,240	1,240	1,049	191
<b>Total Preschool Disabilities - Part Time</b>	<b>379,182</b>	<b>(139,900)</b>	<b>239,282</b>	<b>236,598</b>	<b>2,684</b>
<b>Preschool Disabilities - Full Time:</b>					
Salaries of Teachers	58,702	7,536	66,238	66,238	
Other Salaries for Instruction	64,145	(4,663)	59,482	58,414	1,068
General Supplies	925	(502)	423	126	297
<b>Total Preschool Disabilities - Full Time</b>	<b>123,772</b>	<b>2,371</b>	<b>126,143</b>	<b>124,778</b>	<b>1,365</b>
<b>Total Special Education - Instruction</b>	<b>5,177,775</b>	<b>(266,476)</b>	<b>4,911,299</b>	<b>4,894,672</b>	<b>16,627</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	306,959	586,249	893,208	876,925	16,283
<b>Total Basic Skills/Remedial - Instruction</b>	<b>306,959</b>	<b>586,249</b>	<b>893,208</b>	<b>876,925</b>	<b>16,283</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	237,844	(3,772)	234,072	231,342	2,730
<b>Total Bilingual Education - Instruction</b>	<b>237,844</b>	<b>(3,772)</b>	<b>234,072</b>	<b>231,342</b>	<b>2,730</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries		20,792	20,792	20,742	50
Supplies and Materials		450	450	400	50
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>		<b>21,242</b>	<b>21,242</b>	<b>21,142</b>	<b>100</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Other Instructional Programs:</b>					
Supplies and Materials	\$ 8,000	\$ (1,600)	\$ 6,400	\$ 1,049	\$ 5,351
<b>Total Other Instructional Programs</b>	<b>8,000</b>	<b>(1,600)</b>	<b>6,400</b>	<b>1,049</b>	<b>5,351</b>
<b>Community Services Programs:</b>					
Salaries	8,000	1,478	9,478	8,778	700
Purchased Services	1,500		1,500		1,500
Supplies and Materials	6,000	(3,000)	3,000	1,203	1,797
<b>Total Community Services Programs</b>	<b>15,500</b>	<b>(1,522)</b>	<b>13,978</b>	<b>9,981</b>	<b>3,997</b>
<b>Total Instruction</b>	<b>17,172,625</b>	<b>28,531</b>	<b>17,201,156</b>	<b>16,779,843</b>	<b>421,313</b>
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Special	600,318	(96,425)	503,893	409,989	93,904
Tuition to Private Schools for the Disabled - Within the State	429,868	(6,594)	423,274	146,321	276,953
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,030,186</b>	<b>(103,019)</b>	<b>927,167</b>	<b>556,310</b>	<b>370,857</b>
<b>Attendance &amp; Social Work:</b>					
Salaries	1,550		1,550	1,525	25
Purchased Professional-Technical Services	500		500		500
<b>Total Attendance &amp; Social Work</b>	<b>2,050</b>		<b>2,050</b>	<b>1,525</b>	<b>525</b>
<b>Health Services:</b>					
Salaries	494,203	(8,878)	485,325	485,325	
Purchased Professional and Technical Services	6,160	(4,844)	1,316	370	946
Other Purchased Services (400-500 series)	1,070		1,070		1,070
Supplies and Materials	23,920	(2,086)	21,834	16,612	5,222
Other Objects	2,600	(1,000)	1,600	1,335	265
<b>Total Health Services</b>	<b>527,953</b>	<b>(16,808)</b>	<b>511,145</b>	<b>503,642</b>	<b>7,503</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Speech, OT, PT and Related Services:</b>					
Salaries	\$ 1,654,069	\$ 371,883	\$ 2,025,952	\$ 2,025,944	\$ 8
Purchased Professional - Educational Services	202,111	(15,177)	186,934	175,963	10,971
Supplies and Materials	11,696	(1,990)	9,706	7,801	1,905
Other Objects	4,800	(4,080)	720	465	255
<b>Total Speech, OT, PT and Related Services</b>	<b>1,872,676</b>	<b>350,636</b>	<b>2,223,312</b>	<b>2,210,173</b>	<b>13,139</b>
<b>Guidance:</b>					
Salaries of Other Professional Staff	394,490	(8,224)	386,266	386,218	48
Salaries of Secretarial and Clerical Assistants	61,423	(432)	60,991	60,908	83
Purchased Professional - Educational Services	600	(333)	267	240	27
Other Purchased Professional and Technical Services	22,727	(6,180)	16,547	5,296	11,251
Other Purchased Services (400-500 series)		333	333	195	138
Supplies and Materials	1,514	(1,460)	54	50	4
Other Objects		110	110	99	11
<b>Total Guidance</b>	<b>480,754</b>	<b>(16,186)</b>	<b>464,568</b>	<b>453,006</b>	<b>11,562</b>
<b>Child Study Team:</b>					
Salaries of Other Professional Staff	1,122,724	1,666	1,124,390	1,124,389	1
Salaries of Secretarial and Clerical Assistants	171,529	8,122	179,651	179,415	236
Purchased Professional - Educational Services	2,800	(2,400)	400	325	75
Other Purchased Professional and Technical Services	20,000	(1,680)	18,320	15,411	2,909
Residential Costs	1,500	(230)	1,270	1,007	263
Miscellaneous Purchased Services (400-500 series)	3,500	(1,711)	1,789	1,240	549
Supplies and Materials	13,335	(7,469)	5,866	5,697	169
Other Objects		110	110	99	11
<b>Total Child Study Team</b>	<b>1,335,388</b>	<b>(3,592)</b>	<b>1,331,796</b>	<b>1,327,583</b>	<b>4,213</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Educational Media Services - School Library:</b>					
Salaries	\$ 283,460	\$ (9,757)	\$ 273,703	\$ 270,911	\$ 2,792
Purchased Professional and Technical Services	15,150	(15,000)	150		150
Other Purchased Services (400-500 series)	2,600		2,600	963	1,637
Supplies and Materials	32,800	(1,800)	31,000	27,303	3,697
<b>Total Educational Media Services - School Library</b>	<b>334,010</b>	<b>(26,557)</b>	<b>307,453</b>	<b>299,177</b>	<b>8,276</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisors of Instruction	99,460	(921)	98,539	97,900	639
Salaries of Other Professional Staff	20,000	(10,000)	10,000	8,305	1,695
Salaries of Secretarial and Clerical Assistants	90,999		90,999	89,998	1,001
Purchased Professional - Educational Services	32,500	(10,000)	22,500	9,386	13,114
Other Purchased Services (400-500 series)	22,500		22,500	14,547	7,953
Supplies and Materials	9,509	(2,500)	7,009	3,318	3,691
Other Objects	8,000		8,000	7,693	307
<b>Total Improvement of Instructional Services</b>	<b>282,968</b>	<b>(23,421)</b>	<b>259,547</b>	<b>231,147</b>	<b>28,400</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Professional and Technical Services	18,000		18,000	9,109	8,891
Other Purchased Services (400-500 series)	21,550	(2,400)	19,150	1,806	17,344
Supplies and Materials	47,376	(10,000)	37,376	15,896	21,480
Other Objects	3,000		3,000	2,975	25
<b>Total Instructional Staff Training Services</b>	<b>89,926</b>	<b>(12,400)</b>	<b>77,526</b>	<b>29,786</b>	<b>47,740</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>General Administration:</b>					
Salaries	\$ 335,783	\$ (12,602)	\$ 323,181	\$ 322,680	\$ 501
Legal Services	75,000	102,661	177,661	113,334	64,327
Audit Fees	75,000	(10,522)	64,478	64,478	
Other Purchased Professional Services	65,800	(3,155)	62,645	59,635	3,010
Communications/Telephone	262,985	(31,585)	231,400	230,828	572
BOE Other Purchased Services	4,000	(3,725)	275	275	
Other Purchased Services (400-500 series)	99,687	5,358	105,045	101,960	3,085
General Supplies	5,870	(5,092)	778	674	104
BOE In-House Training and Meeting Supplies	2,500	(982)	1,518	1,518	
Miscellaneous Expenditures	20,250	(10,120)	10,130	9,373	757
Membership Dues and Fees	28,000	(5,764)	22,236	22,236	
<b>Total General Administration</b>	<b>974,875</b>	<b>24,472</b>	<b>999,347</b>	<b>926,991</b>	<b>72,356</b>
<b>School Administration:</b>					
Salaries of Principals/Assistant Principals	1,090,890	(50,594)	1,040,296	1,040,296	
Salaries of Secretarial and Clerical Assistants	674,058	(13,738)	660,320	658,844	1,476
Purchased Professional and Technical Services	81,360	(60,061)	21,299	19,849	1,450
Other Purchased Services (400-500 series)	8,600	(1,253)	7,347	423	6,924
Supplies and Materials	51,712	(4,048)	47,664	46,212	1,452
Other Objects	33,607	1,565	35,172	30,462	4,710
<b>Total School Administration</b>	<b>1,940,227</b>	<b>(128,129)</b>	<b>1,812,098</b>	<b>1,796,086</b>	<b>16,012</b>
<b>Central Services:</b>					
Salaries	533,038		533,038	531,034	2,004
Purchased Technical Services	18,000	(13,000)	5,000		5,000
Miscellaneous Purchased Services (400-500 series)	8,700	(5,000)	3,700	2,001	1,699
Supplies and Materials	28,154		28,154	18,061	10,093
Miscellaneous Expenditures	3,000		3,000	2,780	220
<b>Total Central Services</b>	<b>590,892</b>	<b>(18,000)</b>	<b>572,892</b>	<b>553,876</b>	<b>19,016</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Administrative Information Technology:</b>					
Salaries	\$ 336,186		\$ 336,186	\$ 336,186	
Purchased Technical Services	134,555		134,555	128,359	\$ 6,196
Other Purchased Services (400-500 series)	6,000		6,000	780	5,220
Supplies and Materials	97,595	\$ 3,000	100,595	99,735	860
Other Objects	5,000		5,000	1,489	3,511
<b>Total Administrative Information Technology</b>	<b>579,336</b>	<b>3,000</b>	<b>582,336</b>	<b>566,549</b>	<b>15,787</b>
<b>Allowable Maintenance for School Facilities:</b>					
Salaries	450,481	(5,498)	444,983	436,645	8,338
Cleaning, Repair and Maintenance Services	408,085	47,150	455,235	298,936	156,299
General Supplies	219,277	20,701	239,978	175,344	64,634
Other Objects	6,475		6,475		6,475
<b>Total Allowable Maintenance for School Facilities</b>	<b>1,084,318</b>	<b>62,353</b>	<b>1,146,671</b>	<b>910,925</b>	<b>235,746</b>
<b>Custodial Services:</b>					
Salaries	1,381,891	(5,710)	1,376,181	1,365,268	10,913
Purchased Professional - Technical Services	90,100	(1,421)	88,679	72,598	16,081
Cleaning, Repair and Maintenance Services	414,600	(29,283)	385,317	353,013	32,304
Rental of Land and Bldg. Other than Lease Purchase Agreement	1		1		1
Other Purchased Property Services	29,975	5,230	35,205	35,204	1
Insurance	120,804		120,804	117,611	3,193
Miscellaneous Purchased Services	6,900	14,238	21,138	14,490	6,648
General Supplies	132,604	25,500	158,104	147,990	10,114
Energy (Natural Gas)	306,000		306,000	270,239	35,761
Energy (Electricity)	613,000	(20,000)	593,000	542,410	50,590
Energy (Oil)	84,000	20,000	104,000	98,023	5,977
Other Objects	3,150		3,150	692	2,458
<b>Total Custodial Services</b>	<b>3,183,025</b>	<b>8,554</b>	<b>3,191,579</b>	<b>3,017,538</b>	<b>174,041</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
<b>Expenditures:</b>					
<b>Care and Upkeep of Grounds:</b>					
General Supplies	\$ 25,000	\$ (3,000)	\$ 22,000	\$ 4,602	\$ 17,398
<b>Total Care and Upkeep of Grounds</b>	<b>25,000</b>	<b>(3,000)</b>	<b>22,000</b>	<b>4,602</b>	<b>17,398</b>
<b>Security:</b>					
Salaries	34,472	11,540	46,012	46,012	
General Supplies	5,000		5,000		5,000
<b>Total Security</b>	<b>39,472</b>	<b>11,540</b>	<b>51,012</b>	<b>46,012</b>	<b>5,000</b>
<b>Student Transportation Services:</b>					
<b>Salaries:</b>					
Between Home & School - Regular	1,377,571	(31,325)	1,346,246	1,229,122	117,124
Between Home & School - Special Education	297,510	5,332	302,842	292,908	9,934
Other than Between Home & School	85,528		85,528	50,766	34,762
Between Home & School - Nonpublic Students	55,745	25,520	81,265	59,674	21,591
Cleaning, Repair and Maintenance Services	45,000		45,000	12,510	32,490
Lease Purchase Payments - School Buses	426,108	(14,238)	411,870	411,867	3
Management Fee - ESC & CTSA Transportation Program	208,344	(30,000)	178,344	133,453	44,891
<b>Contracted Services:</b>					
Aid in Lieu Payments - Nonpublic Students	110,000	(2,760)	107,240	68,047	39,193
Miscellaneous Purchased Services - Transportation	38,462		38,462	37,641	821
General Supplies	13,145		13,145	5,090	8,055
Transportation Supplies	331,010	12,760	343,770	341,315	2,455
Other Objects	4,200	1,050	5,250	4,781	469
<b>Total Student Transportation Services</b>	<b>2,992,623</b>	<b>(33,661)</b>	<b>2,958,962</b>	<b>2,647,174</b>	<b>311,788</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
Allocated Benefits:					
Regular Instruction:					
Social Security Contributions	\$ 139,654	\$ (139,654)			
Other Retirement Contributions - Regular	389,078	(389,078)			
Workmen's Compensation	109,401	(109,401)			
Health Benefits	2,972,432	(2,972,432)			
Tuition Reimbursement	71,429	(71,429)			
Other Employee Benefits	160,705	(160,705)			
Special Education:					
Social Security Contributions	63,669	(63,669)			
Workmen's Compensation	42,586	(42,586)			
Health Benefits	1,360,232	(1,360,232)			
Tuition Reimbursement	28,571	(28,571)			
Other Employee Benefits	124,822	(124,822)			
Other Instructional Programs:					
Social Security Contributions	33,033	(33,033)			
Health Services:					
Social Security Contributions	7,549	(7,549)			
Workmen's Compensation	5,361	(5,361)			
Health Benefits	124,625	(124,625)			
Speech, OT, PT and Related Services:					
Group Insurance					
Social Security Contributions	21,533	(21,533)			
Workmen's Compensation	15,818	(15,818)			
Health Benefits	352,630	(352,630)			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Allocated Benefits (Cont'd):					
Other Support Services - Guidance:					
Social Security Contributions	\$ 6,285	\$ (6,285)			
Workmen's Compensation	4,524	(4,524)			
Health Benefits	102,025	(102,025)			
Other Support Services - Child Study Team:					
Social Security Contributions	15,298	(15,298)			
Workmen's Compensation	10,830	(10,830)			
Health Benefits	250,603	(250,603)			
Improvement of Instruction Services:					
Social Security Contributions	7,102	(7,102)			
Workmen's Compensation	5,493	(5,493)			
Health Benefits	113,980	(113,980)			
Educational Media Services/School Library:					
Social Security Contributions	5,615	(5,615)			
Workmen's Compensation	3,766	(3,766)			
Health Benefits	90,781	(90,781)			
Support Services - General Administration:					
Social Security Contributions	109,131	(109,131)			
Workmen's Compensation	4,865	(4,865)			
Health Benefits	78,779	(78,779)			
Support Services - School Administration:					
Group Insurance					
Social Security Contributions	45,288	(45,288)			
Workmen's Compensation	14,932	(14,932)			
Health Benefits	223,937	(223,937)			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
Expenditures:					
Allocated Benefits (Cont'd):					
Central Services:					
Social Security Contributions	\$ 26,563	\$ (26,563)			
Workmen's Compensation	5,120	(5,120)			
Health Benefits	91,859	(91,859)			
Administration Information Technology:					
Social Security Contributions	11,358	(11,358)			
Workmen's Compensation	2,871	(2,871)			
Health Benefits	50,789	(50,789)			
Custodial Services:					
Social Security Contributions	90,409	(90,409)			
Other Retirement Contributions - Regular (PERS)	213,937	(213,937)			
Workmen's Compensation	63,072	(63,072)			
Health Benefits	400,995	(400,995)			
Other Employee Benefits	28,733	(28,733)			
Student Transportation Services:					
Social Security Contributions	42,762	(42,762)			
Workmen's Compensation	48,684	(48,684)			
Health Benefits	710,593	(710,593)			
Other Employee Benefits	35,991	(35,991)			
Total Allocated Benefits	<u>8,940,098</u>	<u>(8,940,098)</u>			

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits:					
Group Insurance		\$ 6,785,001	\$ 6,785,001	\$ 6,705,842	\$ 79,159
Social Security Contributions		625,250	625,250	614,683	10,567
Other Retirement Contributions - PERS		716,810	716,810	716,810	
Unemployment Compensation	\$ 238,177	120,000	358,177	358,177	
Other Retirement Contributions - Regular		5,000	5,000	4,360	640
Workmen's Compensation		298,632	298,632	273,652	24,980
Tuition Reimbursement		100,000	100,000	61,038	38,962
Other Employee Benefits	212,109	383,911	596,020	593,031	2,989
<b>Total Unallocated Benefits</b>	<b>450,286</b>	<b>9,034,604</b>	<b>9,484,890</b>	<b>9,327,593</b>	<b>157,297</b>
TPAF Post Retirement (On-Behalf) (Nonbudgeted)				1,415,038	(1,415,038)
TPAF Noncontributory Insurance (On-Behalf) (Nonbudgeted)				66,621	(66,621)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,477,866	(1,477,866)
<b>Total On-Behalf Contributions</b>				<b>2,959,525</b>	<b>(2,959,525)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>9,390,384</b>	<b>94,506</b>	<b>9,484,890</b>	<b>12,287,118</b>	<b>(2,802,228)</b>
<b>Total Undistributed Expenditures</b>	<b>26,756,063</b>	<b>170,288</b>	<b>26,926,351</b>	<b>28,369,220</b>	<b>(1,442,869)</b>
<b>Total Current Expense</b>	<b>43,928,688</b>	<b>198,819</b>	<b>44,127,507</b>	<b>45,149,063</b>	<b>(1,021,556)</b>
Capital Outlay:					
Equipment:					
Grades 6-8	2,000	(380)	1,620		1,620
Multiple Disabilities	6,000		6,000	2,097	3,903
Autism	6,000		6,000		6,000
School Administration	2,000	380	2,380	2,380	
Administrative Information Technology	22,708		22,708	15,513	7,195
Custodial Services	46,000		46,000	31,209	14,791
Student Transportation - Non-instructional Equipment		20,000	20,000	11,574	8,426
<b>Total Equipment</b>	<b>84,708</b>	<b>20,000</b>	<b>104,708</b>	<b>62,773</b>	<b>41,935</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Expenditures:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Capital Outlay:</b>					
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services	\$ 42,145		\$ 42,145		\$ 42,145
Other Objects	2,292		2,292	\$ 2,292	
<b>Total Facilities Acquisition and Construction Services</b>	<u>44,437</u>		<u>44,437</u>	<u>2,292</u>	<u>42,145</u>
<b>Assets Acquired Under Capital Leases (Non-budgeted):</b>					
Student Transportation Services				224,693	(224,693)
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services (Solar Panels)				2,833,665	(2,833,665)
<b>Total Assets Acquired Under Capital Leases (Non-budgeted)</b>				<u>3,058,358</u>	<u>(3,058,358)</u>
<b>Total Capital Outlay</b>	<u>129,145</u>	<u>\$ 20,000</u>	<u>149,145</u>	<u>3,123,423</u>	<u>(2,974,278)</u>
<b>Special Schools:</b>					
<b>Summer School - Instruction:</b>					
Other Objects	900		900		900
<b>Total Special Schools - Summer School</b>	<u>900</u>		<u>900</u>		<u>900</u>
<b>Transfer of Funds to Charter Schools</b>	<u>86,935</u>		<u>86,935</u>	<u>71,027</u>	<u>15,908</u>
<b>Total Expenditures</b>	<u>44,145,668</u>	<u>218,819</u>	<u>44,364,487</u>	<u>48,343,513</u>	<u>(3,979,026)</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>(1,691,718)</u>	<u>96,274</u>	<u>(1,787,992)</u>	<u>(2,677,107)</u>	<u>(889,115)</u>
<b>Other Financing Sources/(Uses):</b>					
Capital Leases (Non-budgeted)				3,058,358	3,058,358
<b>Total Other Financing Sources/(Uses):</b>				<u>3,058,358</u>	<u>3,058,358</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL 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 Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (1,691,718)	\$ 96,274	\$ (1,787,992)	\$ 381,251	\$ 2,169,243
Fund Balance, July 1	<u>2,629,510</u>		<u>2,629,510</u>	<u>2,629,510</u>	
Fund Balance, June 30	<u>\$ 937,792</u>	<u>\$ 96,274</u>	<u>\$ 841,518</u>	<u>\$ 3,010,761</u>	<u>\$ 2,169,243</u>
Recapitulation:					
Restricted for:					
Capital Reserve Account				\$ 1,308,846	
Maintenance Reserve Account				122,390	
Assigned to:					
Year-end Encumbrances				409,374	
Unassigned				<u>1,170,151</u>	
				3,010,761	
Reconciliation to Governmental Fund Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(133,460)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,877,301</u>	

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE 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 Final to Actual</u>
Revenue:					
State Sources	\$ 1,028	\$ (1,028)			
Federal Sources	780,407	43,607	\$ 824,014	\$ 754,373	\$ (69,641)
<b>Total Revenue</b>	<u>781,435</u>	<u>42,579</u>	<u>824,014</u>	<u>754,373</u>	<u>(69,641)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	107,199	(4,824)	102,375	55,259	47,116
Tuition	580,702	1,210	581,912	581,912	
General Supplies	12,569	63,274	75,843	61,192	14,651
Other Objects	700		700	700	
<b>Total Instruction</b>	<u>701,170</u>	<u>59,660</u>	<u>760,830</u>	<u>699,063</u>	<u>61,767</u>
Support Services:					
Salaries of Other Professional Staff	10,000	(6,081)	3,919		3,919
Personal Services - Employee Benefits	18,641	(5,927)	12,714	10,594	2,120
Purchased Professional and Technical Services		27,510	27,510	26,300	1,210
Purchased Professional/Educational Services	48,000	(31,684)	16,316	16,086	230
Other Purchased Services	2,989	(899)	2,090	1,981	109
Supplies and Materials	635		635	349	286
<b>Total Support Services</b>	<u>80,265</u>	<u>(17,081)</u>	<u>63,184</u>	<u>55,310</u>	<u>7,874</u>
<b>Total Expenditures</b>	<u>781,435</u>	<u>42,579</u>	<u>824,014</u>	<u>754,373</u>	<u>69,641</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,666,406	\$ 754,373
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		8,328
Prior Year State Aid Payments recognized for GAAP statements	364,161	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(133,460)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 45,897,107</u>	<u>\$ 762,701</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 48,343,513	\$ 754,373
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>8,328</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 48,343,513</u>	<u>\$ 762,701</u>

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind				
	Title I	Title II A	Title II D	Title III	Title I Carryover
<b>REVENUE:</b>					
Federal Sources	\$ 42,384	\$ 53,966	\$ 141	\$ 4,048	\$ 20,794
<b>Total Revenue</b>	<b>42,384</b>	<b>53,966</b>	<b>141</b>	<b>4,048</b>	<b>20,794</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers		30,000	131	660	15,840
Tuition					
General Supplies	39,374	3,580		1,771	
Other Objects				700	
<b>Total Instruction</b>	<b>39,374</b>	<b>33,580</b>	<b>131</b>	<b>3,131</b>	<b>15,840</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Purchased Professional & Technical Services	3,010				
Purchased Professional/Educational Services		14,100		300	
Personal Services - Employee Benefits		4,727	10	50	4,954
Other Purchased Services		1,559		218	
Supplies and Materials				349	
<b>Total Support Services</b>	<b>3,010</b>	<b>20,386</b>	<b>10</b>	<b>917</b>	<b>4,954</b>
<b>Total Expenditures</b>	<b>\$ 42,384</b>	<b>\$ 53,966</b>	<b>\$ 141</b>	<b>\$ 4,048</b>	<b>\$ 20,794</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind			
	Title IIA Carryover	Title IID Carryover	Title III Carryover	Title IV Carryover
<b>REVENUE:</b>				
Federal Sources	\$ 8,229	\$ 47	\$ 4,265	\$ 15
<b>Total Revenue</b>	<u>8,229</u>	<u>47</u>	<u>4,265</u>	<u>15</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	6,000			
Tuition				
General Supplies			3,999	15
Other Objects				
<b>Total Instruction</b>	<u>6,000</u>		<u>3,999</u>	<u>15</u>
<b>Support Services:</b>				
Salaries of Other Professional Staff				
Purchased Professional & Technical Services				
Purchased Professional/Educational Services	1,686			
Personal Services - Employee Benefits	543	47	62	
Other Purchased Services			204	
Supplies and Materials				
<b>Total Support Services</b>	<u>2,229</u>	<u>47</u>	<u>266</u>	
<b>Total Expenditures</b>	<u>\$ 8,229</u>	<u>\$ 47</u>	<u>\$ 4,265</u>	<u>\$ 15</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	IDEA, Part B				Totals June 30, 2011
	Basic	Preschool	Basic ARRA	Preschool ARRA	
<b>REVENUE:</b>					
Federal Sources	\$ 573,239	\$ 31,963	\$ 13,274	\$ 2,008	\$ 754,373
Total Revenue	573,239	31,963	13,274	2,008	754,373
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers			2,628		55,259
Tuition	549,949	31,963			581,912
General Supplies			10,445	2,008	61,192
Other Objects					700
Total Instruction	549,949	31,963	13,073	2,008	699,063
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Purchased Professional & Technical Services	23,290				26,300
Purchased Professional/Educational Services					16,086
Personal Services - Employee Benefits			201		10,594
Other Purchased Services					1,981
Supplies and Materials					349
Total Support Services	23,290		201		55,310
Total Expenditures	\$ 573,239	\$ 31,963	\$ 13,274	\$ 2,008	\$ 754,373

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Food Service Program	Summer Enrichment Program	Totals
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 201,171	\$ 39,312	\$ 240,483
Accounts Receivable:			
State	2,210		2,210
Federal	31,249		31,249
Other	639		639
Prepaid Expenses		1,642	1,642
Inventories	13,967		13,967
 Total Current Assets	 <u>249,236</u>	 <u>40,954</u>	 <u>290,190</u>
Capital Assets:			
Equipment	244,825		244,825
Accumulated Depreciation	(174,041)		(174,041)
 Total Capital Assets	 <u>70,784</u>	 <u></u>	 <u>70,784</u>
 Total Assets	 <u>320,020</u>	 <u>40,954</u>	 <u>360,974</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors	56,125		56,125
Deferred Revenue	4,758	40,950	45,708
 Total Current Liabilities	 <u>60,883</u>	 <u>40,950</u>	 <u>101,833</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	70,784		70,784
Unrestricted	188,353	4	188,357
 Total Net Assets	 <u>\$ 259,137</u>	 <u>\$ 4</u>	 <u>\$ 259,141</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Program	Summer Enrichment Program	Totals
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 351,056		\$ 351,056
Daily Sales - Non-Reimbursable Programs	196,882		196,882
Special Functions	16,359		16,359
Miscellaneous Program Fees	28,254	\$ 52,129	80,383
Total Operating Revenue	592,551	52,129	644,680
Operating Expenses:			
Cost of Sales	320,649		320,649
Salaries	241,111	47,427	288,538
Supplies and Materials	2,816	3,966	6,782
Employee Benefits	68,557		68,557
Purchased Professional Services	75,252		75,252
Transportation		3,250	3,250
Depreciation	9,628		9,628
Total Operating Expenses	718,013	54,643	772,656
Operating Income/(Loss)	(125,462)	(2,514)	(127,976)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	8,405		8,405
State School Breakfast Program	443		443
Federal Sources:			
National School Lunch Program	143,857		143,857
Special Milk Program	2,517		2,517
National School Breakfast Program	6,961		6,961
Food Distribution Program	22,928		22,928
Interest Income	186	7	193
Total Non-Operating Revenue	185,297	7	185,304
Change in Net Assets	59,835	(2,507)	57,328
Net Assets - Beginning of Year	199,302	2,511	201,813
Net Assets - End of Year	\$ 259,137	\$ 4	\$ 259,141

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Program	Summer Enrichment Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 595,120	\$ 42,125	\$ 637,245
Payments to Employees	(309,668)	(47,427)	(357,095)
Payments to Suppliers	(356,125)	(7,216)	(363,341)
Net Cash Used for Operating Activities	<u>(70,673)</u>	<u>(12,518)</u>	<u>(83,191)</u>
Cash Flows from Investing Activities:			
Interest Income	186	7	193
Net Cash Provided by Investing Activities	<u>186</u>	<u>7</u>	<u>193</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	139,424		139,424
Net Cash Provided by Noncapital Financing Activities	<u>139,424</u>		<u>139,424</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	68,937	(12,511)	56,426
Cash and Cash Equivalents, July 1	132,234	51,823	184,057
Cash and Cash Equivalents, June 30	<u>\$ 201,171</u>	<u>\$ 39,312</u>	<u>\$ 240,483</u>
Reconciliation of Operating Income/( Loss) to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	\$ (125,462)	\$ (2,514)	\$ (127,976)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation	9,628		9,628
Federal Food Distribution Program	22,928		22,928
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Other	2,569		2,569
Decrease in Prepaid Expenses		(804)	(804)
(Increase)/Decrease in Inventory	9,180		9,180
Increase/(Decrease) in Deferred Revenue	4,758	(9,200)	(4,442)
Increase/(Decrease) in Accounts Payable	5,726		5,726
Net Cash Used for Operating Activities	<u>\$ (70,673)</u>	<u>\$ (12,518)</u>	<u>\$ (83,191)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$22,928 and \$18,170, respectively.

FIDUCIARY FUNDS

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 110,950	\$ 166,250	\$ 277,200	\$ 107,158	\$ 2,006
Total Assets	<u>110,950</u>	<u>166,250</u>	<u>277,200</u>	<u>107,158</u>	<u>2,006</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		\$ 165,666	\$ 165,666		
Accrued Salaries and Wages		584	584		
Due to Family Outreach	\$ 196		196		
Due to Student Groups	110,754		110,754		
Total Liabilities	<u>110,950</u>	<u>166,250</u>	<u>277,200</u>		
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims				\$ 107,158	
Held in Trust for Flex Spending Claims					\$ 2,006
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 107,158</u>	<u>\$ 2,006</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Flex Spending Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 68,896	
Employer	358,177	
Investment Earnings:		
Interest	26	\$ 2
Net Investment Earnings	<u>26</u>	<u>2</u>
Total Additions	<u>427,099</u>	<u>2</u>
<b>DEDUCTIONS:</b>		
Unemployment Benefit Claims	346,174	
Flex Spending Claims		2,087
Total Deductions	<u>346,174</u>	<u>2,087</u>
Change in Net Assets	80,925	(2,085)
Net Assets - Beginning of the Year	<u>26,233</u>	<u>4,091</u>
Net Assets - End of the Year	<u>\$ 107,158</u>	<u>\$ 2,006</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 111,270	\$ 257,064	\$ 257,384	\$ 110,950
<b>Total Assets</b>	<u>\$ 111,270</u>	<u>\$ 257,064</u>	<u>\$ 257,384</u>	<u>\$ 110,950</u>
 <b>LIABILITIES:</b>				
Due to Family Outreach	\$ 196			\$ 196
Due to Student Groups	111,074	\$ 257,064	\$ 257,384	110,754
<b>Total Liabilities</b>	<u>\$ 111,270</u>	<u>\$ 257,064</u>	<u>\$ 257,384</u>	<u>\$ 110,950</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary and Middle Schools:				
Birchwood	\$ 6,720	\$ 6,001	\$ 6,158	\$ 6,563
Copeland Middle	65,730	223,462	220,806	68,386
C.A. Dwyer	13,876	11,816	12,824	12,868
K.D. Malone	3,540	3,783	5,186	2,137
Dennis B. O'Brien	11,413	5,820	6,477	10,756
Stony Brook	9,795	6,182	5,933	10,044
Subtotal All Schools	<u>111,074</u>	<u>257,064</u>	<u>257,384</u>	<u>110,754</u>
Family Outreach Program	<u>196</u>			<u>196</u>
Total Student Activities	<u>\$ 111,270</u>	<u>\$ 257,064</u>	<u>\$ 257,384</u>	<u>\$ 110,950</u>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 183,302	\$ 32,324,999	\$ 32,342,051	\$ 166,250
Total Assets	<u>\$ 183,302</u>	<u>\$ 32,324,999</u>	<u>\$ 32,342,051</u>	<u>\$ 166,250</u>
 <b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 182,522	\$ 31,643,592	\$ 31,660,448	\$ 165,666
Accrued Salaries and Wages	780	681,407	681,603	584
Total Liabilities	<u>\$ 183,302</u>	<u>\$ 32,324,999</u>	<u>\$ 32,342,051</u>	<u>\$ 166,250</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Outstanding						
			Date	Amount					
Refunding School Bonds	05/01/05	\$ 8,165,000	09/01/11	\$ 375,000	3.500%				
			09/01/12	370,000	4.000%				
			09/01/13	370,000	4.000%				
			09/01/14	365,000	4.000%				
			09/01/15	365,000	4.000%				
			09/01/16	360,000	4.000%				
			09/01/17	375,000	4.000%				
			09/01/18	390,000	4.000%				
			09/01/19	405,000	4.000%				
			09/01/20	570,000	4.050%				
			09/01/21	595,000	4.125%				
			09/01/22	620,000	4.200%				
			09/01/23	650,000	4.250%				
			09/01/24	675,000	4.250%				
					\$ 6,860,000	\$ 375,000	\$ 6,485,000		
					<u>\$ 6,860,000</u>	<u>\$ 375,000</u>	<u>\$ 6,485,000</u>		

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

Purpose	Interest Rate	Original Issue	Balance June 30, 2010	Issued	Retired or Matured	Balance June 30, 2011
2006 Purchase of Four 54-Passenger Buses	4.610%	\$ 349,920	\$ 23,328		\$ 23,328	
2007 Purchase of Seven Transportation Vehicles	4.900%	576,500	120,670		120,670	
2008 Type-D Rear Engine Buses	4.620%	552,265	233,308		114,020	\$ 119,288
2008 Purchase of Two 4-16 Passenger Buses	3.400%	203,088	123,590		39,727	83,863
2009 Purchase of Two 54-Passenger Buses	3.300%	224,892	134,840		43,495	91,345
2009 Purchase of One 22-Passenger Bus	4.500%	82,276	49,493		15,777	33,716
2010 Purchase of 5 2008 54-Passenger Buses	2.750%	239,888	239,888		121,925	117,963
2010 Chevrolet Silverado 2500 Utility Truck	2.750%	31,155	20,487		10,105	10,382
2011 Passenger Van and Passenger Van with Lift	2.750%	111,617		\$ 111,617	23,352	88,265
2011 Jersey Shore Starcraft Bus	2.750%	57,078		57,078	11,993	45,085
2011 Ford F450 Pickup Truck	2.750%	55,998		55,998		55,998
Solar Panels	2.750%	2,833,665		2,833,665		2,833,665
			<u>\$ 945,604</u>	<u>\$ 3,058,358</u>	<u>\$ 524,392</u>	<u>\$ 3,479,570</u>

ROCKAWAY TOWNSHIP 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 Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 486,551		\$ 486,551	\$ 486,551	
State Sources:					
Debt Service State Aid Support	158,118		158,118	158,118	
<b>Total Revenue</b>	<u>644,669</u>		<u>644,669</u>	<u>644,669</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	269,669		269,669	269,669	
Redemption of Principal	375,000		375,000	375,000	
<b>Total Regular Debt Service</b>	<u>644,669</u>		<u>644,669</u>	<u>644,669</u>	
<b>Total Expenditures</b>	<u>644,669</u>		<u>644,669</u>	<u>644,669</u>	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	- 0 -	- 0 -	- 0 -	- 0 -	
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ - 0 -</u>
Restricted Fund Balance				<u>\$ 1</u>	

## STATISTICAL SECTION

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

### Contents

### Exhibit

#### **Financial Trends**

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

J-1 thru J-5

#### **Revenue Capacity**

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

J-6 thru J-9

#### **Debt Capacity**

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

J-10 thru J-13

#### **Demographic and Economic Information**

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

J-14 thru J-15

#### **Operating Information**

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

J-16 thru J-20

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

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

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 8,123,531	\$ 9,529,327	\$ 9,860,277	\$ 10,669,833	\$ 11,476,650	\$ 11,884,590	\$ 11,737,679
Restricted	1,920,402	2,977,684	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611
Unrestricted (Deficit)	226,073	234,507	1,023,079	(942,080)	(216,947)	(1,223,333)	(210,358)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 10,270,006</b>	<b>\$ 12,741,518</b>	<b>\$ 14,826,068</b>	<b>\$ 14,999,336</b>	<b>\$ 14,208,579</b>	<b>\$ 12,613,490</b>	<b>\$ 13,367,932</b>
<b>Business-Type Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 87,426	\$ 90,586	\$ 81,673	\$ 72,517	\$ 91,178	\$ 80,412	\$ 70,784
Unrestricted	35,371	75,206	96,189	96,892	59,881	121,401	188,357
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 122,797</b>	<b>\$ 165,792</b>	<b>\$ 177,862</b>	<b>\$ 169,409</b>	<b>\$ 151,059</b>	<b>\$ 201,813</b>	<b>\$ 259,141</b>
<b>District-Wide:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 8,210,957	\$ 9,619,913	\$ 9,941,950	\$ 10,742,350	\$ 11,567,828	\$ 11,965,002	\$ 11,808,463
Restricted	1,920,402	2,977,684	3,942,712	5,271,583	2,948,876	1,952,233	1,840,611
Unrestricted (Deficit)	261,444	309,713	1,119,268	(845,188)	(157,066)	(1,101,932)	(22,001)
<b>Total District-Wide Net Assets</b>	<b>\$ 10,392,803</b>	<b>\$ 12,907,310</b>	<b>\$ 15,003,930</b>	<b>\$ 15,168,745</b>	<b>\$ 14,359,638</b>	<b>\$ 12,815,303</b>	<b>\$ 13,627,073</b>

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

Source: Rockaway Township School District records.

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

	Fiscal Year Ended June 30,						
Expenses:	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 16,133,911	\$ 16,061,453	\$ 17,142,175	\$ 18,731,729	\$ 17,449,642	\$ 18,069,950	\$ 15,882,834
Special Education	6,286,019	6,852,900	7,550,650	7,749,465	7,728,645	7,580,303	7,509,447
Other Special Education	295,492	312,589	553,589	648,178	911,348	974,195	1,529,569
Other Instruction	259,122	337,130	259,030	267,922	404,031	291,245	166,522
<b>Support Services:</b>							
Tuition	516,064	795,888	631,302	592,350	762,478	1,484,917	1,144,983
Student & Instruction Related Services	7,045,645	6,716,935	7,018,981	7,131,569	6,946,562	6,862,779	6,776,667
General Administration Services	1,295,667	950,582	981,167	1,193,729	1,044,082	1,008,390	777,294
School Administration Services	1,835,747	1,893,483	1,963,080	2,072,348	2,526,116	2,712,353	2,621,277
Central Services	709,126	703,108	650,014	701,698	679,380	690,917	765,825
Administrative Information Technology	448,700	723,414	558,486	709,711	649,732	734,522	682,089
Plant Operations and Maintenance	3,897,396	4,141,198	4,447,310	4,835,624	4,813,407	4,794,236	4,674,207
Pupil Transportation	2,774,343	3,042,972	3,092,908	3,314,695	3,010,754	3,126,101	2,933,411
Capital Outlay		27,359	7,232	109,257	51,639	272,212	75,657
Special Schools	107,301	99,777	101,641	114,822	160,493	44,501	
Charter Schools	19,708	20,947	50,494	48,280	49,710	83,786	71,027
Interest On Long-Term Debt	462,449	328,270	212,193	323,182	310,670	297,501	284,346
Unallocated Depreciation	734,372	102,899	285,762	596,355	556,943	654,880	654,880
<b>Total Governmental Activities Expenses</b>	<b>42,821,062</b>	<b>43,110,904</b>	<b>45,506,014</b>	<b>49,140,914</b>	<b>48,055,632</b>	<b>49,682,788</b>	<b>46,550,035</b>
<b>Business-Type Activities:</b>							
Proprietary Funds	770,007	768,558	833,703	885,928	875,247	814,667	772,656
<b>Total Business-Type Activities Expenses</b>	<b>770,007</b>	<b>768,558</b>	<b>833,703</b>	<b>885,928</b>	<b>875,247</b>	<b>814,667</b>	<b>772,656</b>

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

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Total District-Wide Expenses	\$43,591,069	\$43,879,462	\$46,339,717	\$50,026,842	\$48,930,879	\$50,497,455	\$47,322,691
Program Revenues:							
Governmental Activities:							
Charges For Services:							
Tuition	208,463	242,326	217,969	163,952	202,225	86,567	56,630
Pupil Transportation	6,083	5,600	10,931	22,277	3,895	4,479	1,768
Operating Grants and Contributions	6,223,747	6,585,954	8,137,208	8,210,379	6,293,411	6,763,967	5,688,248
Total Governmental Activities Program Revenues	6,438,293	6,833,880	8,366,108	8,396,608	6,499,531	6,855,013	5,746,646
Business-Type Activities:							
Charges for Services	683,745	667,392	703,962	720,060	694,049	675,403	644,680
Operating Grants and Contributions	138,020	131,992	141,516	157,135	162,450	189,857	185,111
Total Business-Type Activities Program Revenues	821,765	799,384	845,478	877,195	856,499	865,260	829,791
Total District-Wide Program Revenues	7,260,058	7,633,264	9,211,586	9,273,803	7,356,030	7,720,273	6,576,437
Net Revenue/(Expense) - Governmental Activities	(36,382,769)	(36,277,024)	(37,139,906)	(40,744,306)	(41,556,101)	(42,827,775)	(40,803,389)
Net Revenue/(Expense) - Business-Type Activities	51,758	30,826	11,775	(8,733)	(18,748)	50,593	57,135
Total District-Wide Net Revenue/(Expense)	(36,331,011)	(36,246,198)	(37,128,131)	(40,753,039)	(41,574,849)	(42,777,182)	(40,746,254)
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	34,321,263	35,907,798	36,816,712	38,968,817	38,308,060	38,637,775	40,194,736
Taxes Levied for Debt Service	544,095	532,268	513,346	472,978	484,344	471,605	486,551

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

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Federal and State Aid not Restricted	\$ 1,352,132	\$ 1,238,937	\$ 1,362,137	\$ 1,079,956	\$ 1,712,585	\$ 1,978,560	\$ 710,376
Miscellaneous Income	157,438	301,585	532,261	395,823	260,355	144,746	166,168
Transfers	(26,164)						
Total Governmental Activities General Revenues and Other Changes in Net Assets	<u>36,348,764</u>	<u>37,980,588</u>	<u>39,224,456</u>	<u>40,917,574</u>	<u>40,765,344</u>	<u>41,232,686</u>	<u>41,557,831</u>
Business-Type Activities:							
Investment Earnings	213	235	295	280	398	161	193
Transfers	41,779	11,934					
Total Business-Type Activities General Revenues and Other Changes in Net Assets	<u>41,992</u>	<u>12,169</u>	<u>295</u>	<u>280</u>	<u>398</u>	<u>161</u>	<u>193</u>
Total District-Wide General Revenues and Other Changes in Net Assets	<u>36,390,756</u>	<u>37,992,757</u>	<u>39,224,751</u>	<u>40,917,854</u>	<u>40,765,742</u>	<u>41,232,847</u>	<u>41,558,024</u>
Change in Net Assets:							
Governmental Activities	(34,005)	1,703,564	2,084,550	173,268	(790,757)	(1,595,089)	754,442
Business-Type Activities	93,750	42,995	12,070	(8,453)	(18,350)	50,754	57,328
Total District-Wide Change in Net Assets	<u>\$ 59,745</u>	<u>\$ 1,746,559</u>	<u>\$ 2,096,620</u>	<u>\$ 164,815</u>	<u>\$ (809,107)</u>	<u>\$ (1,544,335)</u>	<u>\$ 811,770</u>

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

Source: Rockaway Township School District records.

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

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved	\$ 1,741,880	\$ 2,977,684	\$ 3,942,712	\$ 5,271,583	\$ 2,948,876	\$ 1,367,449	
Unreserved	1,297,946	1,158,209	1,444,866	1,027,156	1,332,258	897,900	
Restricted							\$ 1,431,236
Assigned							409,374
Unassigned							1,036,691
<b>Total General Fund</b>	<b><u>\$ 3,039,826</u></b>	<b><u>\$ 4,135,893</u></b>	<b><u>\$ 5,387,578</u></b>	<b><u>\$ 6,298,739</u></b>	<b><u>\$ 4,281,134</u></b>	<b><u>\$ 2,265,349</u></b>	<b><u>\$ 2,877,301</u></b>
All Other Governmental Funds:							
Unreserved, Reported In:							
Debt Service Fund	\$ - 0 -	\$ 20,456	\$ 20,456	\$ 1	\$ 1	\$ 1	
Restricted							\$ 1
<b>Total All Other Governmental Funds</b>	<b><u>\$ - 0 -</u></b>	<b><u>\$ 20,456</u></b>	<b><u>\$ 20,456</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>
<b>Total All Governmental Funds</b>	<b><u>\$ 3,039,826</u></b>	<b><u>\$ 4,156,349</u></b>	<b><u>\$ 5,408,034</u></b>	<b><u>\$ 6,298,740</u></b>	<b><u>\$ 4,281,135</u></b>	<b><u>\$ 2,265,350</u></b>	<b><u>\$ 2,877,302</u></b>

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

Source: Rockaway Township School District records.

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

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>							
Tax Levy	\$34,865,358	\$36,440,066	\$37,330,058	\$39,441,795	\$38,792,404	\$39,109,380	\$40,681,287
Tuition			217,969	163,952	202,225	86,567	56,630
Transportation Fees from Other LEAs	6,083	5,600	10,931	22,277	3,895	4,479	1,768
Interest Earned on Capital Reserve Funds	2,587	12,371	32,776	28,235	28,337	4,238	2,349
Miscellaneous	363,314	531,540	504,495	371,588	232,018	140,508	163,819
State Sources	6,244,234	6,652,086	8,051,958	8,172,495	7,161,176	6,822,610	5,219,073
Federal Sources	1,331,645	1,172,805	1,442,387	1,113,840	844,820	1,919,917	1,179,551
<b>Total Revenue</b>	<b>42,813,221</b>	<b>44,814,468</b>	<b>47,590,574</b>	<b>49,314,182</b>	<b>47,264,875</b>	<b>48,087,699</b>	<b>47,304,477</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Regular Instruction	12,269,661	11,891,804	12,435,884	12,418,298	12,961,118	12,701,365	10,856,349
Special Education Instruction	4,778,597	4,961,332	5,230,467	5,305,687	5,794,144	5,260,078	4,957,083
Other Instruction	259,122	312,589	521,105	613,206	296,778	660,603	1,108,267
Other Special Instruction	300,469	299,635	259,030	267,922	630,204	215,817	32,172
<b>Support Services:</b>							
Tuition	516,064	795,888	631,302	592,350	762,478	1,484,917	1,144,983
Student & Instruction Related Services	5,089,600	5,002,286	4,906,232	5,033,204	5,465,364	5,446,417	5,056,039
General Administration Services	1,214,961	849,744	788,934	879,325	928,443	831,929	926,991
School Administration Services	1,582,792	1,617,843	1,688,750	1,799,503	1,907,596	2,045,203	1,796,086
Central Services	561,082	577,912	514,271	497,597	522,642	515,889	553,876

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

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Expenditures:</b>							
Administrative Information Technology	\$ 413,074	\$ 664,802	\$ 496,158	\$ 648,005	\$ 567,333	\$ 641,054	\$ 566,549
Plant Operations and Maintenance	3,404,189	3,547,704	3,688,311	4,112,790	4,256,124	4,195,682	3,979,077
Pupil Transportation	2,284,273	2,372,091	2,461,383	2,653,038	2,748,111	2,775,026	2,647,174
Allocated Benefits		6,753,020	7,373,808	7,285,497			
Unallocated Benefits	8,936,694	2,863,387	4,313,005	4,364,216	10,648,181	11,622,564	12,287,118
<b>Debt Service:</b>							
Principal	350,000	465,000	390,000	385,000	385,000	380,000	375,000
Interest and Other Charges	414,773	262,692	323,519	308,300	295,788	282,881	269,669
Capital Outlay	507,691	689,412	741,085	1,648,701	1,445,700	1,196,330	3,123,423
Special Schools	107,301	99,777	101,641	114,822	128,022	34,986	
Charter Schools	19,708	20,947	50,494	48,280	49,710	83,786	71,027
<b>Total Expenditures</b>	<u>43,010,051</u>	<u>44,047,865</u>	<u>46,915,379</u>	<u>48,975,741</u>	<u>49,792,736</u>	<u>50,374,527</u>	<u>49,750,883</u>
<b>Excess/(Deficiency) of Revenues</b>							
Over/(Under) Expenditures	<u>(196,830)</u>	<u>766,603</u>	<u>675,195</u>	<u>338,441</u>	<u>(2,527,861)</u>	<u>(2,286,828)</u>	<u>(2,446,406)</u>
<b>Other Financing Sources/(Uses):</b>							
Transfer to Food Service Enterprise Fund	(26,164)						
Capital Leases (Non-Budgeted)	184,923	349,920	576,500	552,265	510,256	271,043	3,058,358
Payment to Bond Refunding Escrow Agent	(7,803,000)						
Serial Bonds Debt Issued	7,803,000						
<b>Total Other Financing Sources/(Uses)</b>	<u>158,759</u>	<u>349,920</u>	<u>576,500</u>	<u>552,265</u>	<u>510,256</u>	<u>271,043</u>	<u>3,058,358</u>

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

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Excess (Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 158,759</u>	<u>\$ 1,116,523</u>	<u>\$ 1,251,695</u>	<u>\$ 890,706</u>	<u>\$ (2,017,605)</u>	<u>\$ (2,015,785)</u>	<u>\$ 611,952</u>
Debt Service As a % of Noncapital Expenditures	1.80%	1.68%	1.55%	1.46%	1.41%	1.35%	1.38%

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

Source: Rockaway Township School District records.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Transportation Fees	Other	Total
2002	\$ 1,373	\$ 143,582		\$ 35,350	\$ 21,959	\$ 202,264
2003	29,151	277,685		45,909	67,581	420,326
2004	71,767	291,557	\$ 5,321	4,761	18,877	392,283
2005	116,127	208,463	7,175	6,083	34,136	371,984
2006	261,661	242,326	6,361	5,600	33,563	549,511
2007	412,908	217,969		10,931	119,353	761,161
2008	299,691	163,952	514	22,277	95,618	582,052
2009	133,858	202,225		3,895	126,497	466,475
2010	40,487	86,567	3,325	4,479	100,934	235,792
2011	15,012	56,630		1,768	151,156	224,566

Source: Rockaway Township School District records.

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

Year End Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized) Valuation
2004	\$106,764,900	\$2,114,897,850	\$2,919,900	\$231,200	\$472,080,600	\$194,954,000	\$32,887,700	\$2,924,736,150	\$3,637,463	\$2,928,373,613	\$924,356,700	\$ 1.17	\$3,138,978,041
2005	90,804,800	2,130,423,600	3,613,000	233,700	467,819,900	193,367,600	32,887,700	2,919,150,300	3,203,134	2,922,353,434	925,111,500	1.22	3,471,351,415
2006	66,597,800	2,153,129,000	3,613,000	153,700	492,312,500	170,170,500	35,514,500	2,921,491,000	3,518,948	2,923,961,301	933,659,300	1.27	4,176,109,351
2007	65,014,700	2,169,466,200	3,370,700	152,300	450,806,800	172,386,400	38,686,200	2,899,883,300	2,964,341	2,902,847,641	936,722,300	1.31	4,429,660,672
2008	73,980,100	2,175,843,900	3,526,800	157,600	440,184,300	166,746,900	40,661,200	2,901,100,800	3,170,052	2,904,270,852	937,428,400	1.35	4,591,732,572
2009	57,991,000	2,191,514,300	4,195,500	159,400	440,278,600	157,233,000	40,661,200	2,892,033,000	3,511,905	2,895,544,905	944,482,600	1.35	4,589,387,613
2010	51,655,300	2,192,005,300	4,195,500	157,600	439,785,000	153,274,200	40,661,200	2,881,734,100	3,973,869	2,885,707,969	945,762,000	1.38	4,773,710,605

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

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

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

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

Source: Rockaway Township Tax Assessor.

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

Year Ended December 31,	Rockaway Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	Township of Rockaway	Morris County	
2001	\$ 2.32	\$ 0.07	\$ 2.39	\$ 1.13	\$ 1.20	\$ 0.59	\$ 5.31
2002	^ 1.00	^ 0.02	^ 1.02	^ 0.49	^ 0.55	^ 0.26	2.32
2003	1.10	0.02	1.12	0.54	0.56	0.28	2.50
2004	1.15	0.02	1.17	0.60	0.65	0.25	2.67
2005	1.20	0.02	1.22	0.67	0.70	0.26	2.84
2006	1.25	0.02	1.27	0.71	0.68	0.36	3.02
2007	1.29	0.02	1.31	0.76	0.72	0.36	3.15
2008	1.33	0.02	1.35	0.79	0.78	0.36	3.28
2009	1.33	0.02	1.35	0.81	0.82	0.35	3.33
2010	1.37	0.02	1.38	0.86	0.86	0.38	3.48

^ Revaluation of Real Property was effective in this year.

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

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

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

Source: Rockaway Township Tax Collector and School Business Administrator.

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

2010			2001		
Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable	Taxpayer	Taxable Assessed Value	% of Total District Net Valuation Taxable
Rockaway Center Associates/ Corporate Property Investors, Inc.	\$ 165,565,400	5.74%	Rockaway Center Associates/ Corporate Property Investors, Inc.	\$ 209,442,000	7.25%
Mt. Hope Rock Products & Hydro	36,665,700	1.27%	Mt. Hope Rock Products & Hydro	36,798,200	1.27%
MarketPlace at Rockaway, LLC	21,581,700	0.75%	Bergen Record	35,299,600	1.22%
Marvin F. Poer and Company	20,722,300	0.72%	Macy's East, Inc./Federated Department Stores	32,940,000	1.14%
Rustic Ridge, Inc.	20,424,100	0.71%	Cin Rockaway, LLC	32,885,000	1.13%
Bergen Record	19,000,000	0.66%	Sears Roebuck Company	25,581,600	0.88%
Dover VF C/O Vornado Realty Trust	18,103,600	0.63%	Dover VF C/O Vornado Realty Trust	25,536,100	0.88%
Macy's East, Inc./Federated Department Stores	17,976,100	0.62%	Retail Property Trust	25,314,400	0.87%
Retail Property Trust	15,635,600	0.54%	Agilent Technologies	25,264,000	0.87%
Target Corporation	14,535,200	0.50%	JC Penney Company	24,623,600	0.85%
<b>Total</b>	<b>\$ 350,209,700</b>	<b>12.14%</b>	<b>Total</b>	<b>\$ 473,684,500</b>	<b>16.36%</b>

Source: Rockaway Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 28,250,665	\$ 28,250,665	100.00%	\$ - 0 -
2003	30,998,380	30,998,380	100.00%	- 0 -
2004	34,127,834	34,127,834	100.00%	- 0 -
2005	34,865,358	34,865,358	100.00%	- 0 -
2006	36,440,066	36,440,066	100.00%	- 0 -
2007	37,330,058	37,330,058	100.00%	- 0 -
2008	39,441,795	39,441,795	100.00%	- 0 -
2009	38,792,404	38,792,404	100.00%	- 0 -
2010	39,109,380	39,109,380	100.00%	- 0 -
2011	40,681,287	40,681,287	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2005	\$ 8,865,000	\$ 295,484	\$ - 0 -	\$ 9,160,484	0.58%	\$ 364
2006	8,400,000	434,191	- 0 -	8,834,191	0.51%	349
2007	8,010,000	712,218	- 0 -	8,722,218	0.48%	122
2008	7,625,000	955,133	- 0 -	8,580,133	0.47%	339
2009	7,240,000	1,074,765	- 0 -	8,314,765	0.48%	327
2010	6,860,000	945,604	- 0 -	7,805,604	0.45%	307
2011	6,485,000	3,479,570	- 0 -	9,964,570	0.57%	392

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

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

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

Source: Rockaway Township School District records.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 8,865,000	\$ - 0 -	\$ 8,865,000	0.30%	\$ 353
2006	8,400,000	- 0 -	8,400,000	0.29%	332
2007	8,010,000	- 0 -	8,010,000	0.28%	112
2008	7,625,000	- 0 -	7,625,000	0.26%	301
2009	7,240,000	- 0 -	7,240,000	0.25%	285
2010	6,860,000	- 0 -	6,860,000	0.24%	270
2011	6,485,000	- 0 -	6,485,000	0.22%	255

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

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

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

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

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Township of Rockaway	\$ 26,624,277	100.00%	\$ 26,624,277
Morris County General Obligation Debt	249,234,104	4.66%	11,626,575
Morris Hills Regional District Debt	36,057,000	46.73%	16,850,042
Subtotal, Overlapping Debt			55,100,894
Rockaway School District Direct Debt			<u>9,964,570</u>
Total Direct And Overlapping Debt			<u>\$ 65,065,464</u>

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

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

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$66,937,176	\$74,343,520	\$83,273,522	\$93,102,496	\$107,191,339	\$120,676,464	\$130,726,040	\$135,009,909	\$138,280,731	\$ 136,545,257
Total Net Debt Applicable to Debt Limit	9,553,000	9,203,000	8,853,000	8,865,000	8,400,000	8,010,000	7,625,000	7,240,000	6,860,000	6,485,000
Legal Debt Margin	<u>\$57,384,176</u>	<u>\$65,140,520</u>	<u>\$74,420,522</u>	<u>\$83,942,012</u>	<u>\$ 98,357,148</u>	<u>\$111,954,246</u>	<u>\$122,145,907</u>	<u>\$126,695,144</u>	<u>\$130,475,127</u>	<u>\$ 130,060,257</u>
Total Net Debt Applicable to Debt Limit as a % of the Debt Limit	14.27%	12.38%	10.63%	9.52%	7.84%	6.64%	5.83%	5.36%	4.96%	4.75%

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	Rockaway Township
2010	\$ 4,294,685,693
2009	4,773,119,327
2008	4,586,720,632
	<u>\$13,654,525,652</u>
Average Equalized Valuation of Taxable Property	<u>\$ 4,551,508,551</u>
Debt Limit (3%* of Average Equalization Value)	\$ 136,545,257
Net Bonded School Debt as of June 30, 2011	6,485,000
Legal Debt Margin	<u>\$ 130,060,257</u>

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

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

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

<u>Year</u>	<u>Township Population<sup>a</sup></u>	<u>Morris County Per Capita Personal Income<sup>b</sup></u>	<u>Township Personal Income<sup>c</sup></u>	<u>Township Unemployment Rate<sup>d</sup></u>
2002	\$ 24,377	\$ 56,535	\$ 1,378,153,695	3.70%
2003	24,823	57,018	1,415,357,814	4.20%
2004	24,924	61,101	1,522,881,324	3.30%
2005	25,142	63,297	1,591,413,174	2.30%
2006	25,320	68,364	1,730,976,480	2.50%
2007	25,267	71,300	1,801,537,100	2.30%
2008	25,312	71,527	1,810,491,424	2.90%
2009	25,438	68,251	1,736,168,938	7.10%
2010	25,438	* 68,251	* 1,736,168,938	7.10%
2011	25,438	* 68,251	* 1,736,168,938	7.00%

\* - Latest Morris County per capita personal income and population data available (2009) was used for calculation purposes.

Sources:

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

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

Employer	2010		Employer	2001	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Novartis Pharmaceuticals	4,990	1.99%	Information is Not Available		
Atlantic Health - Morristown Memorial Hospital	4,933	1.97%			
U.S. Army Armament Research and Development	4,442	1.77%			
UPS	2,332	0.93%			
County of Morris	1,959	0.78%			
ADP	1,924	0.77%			
AT&T	1,550	0.62%			
Saint Clare's	1,531	0.61%			
BASF Corporation	1,400	0.56%			
Avis Budget Group, Inc.	1,378	0.55%			
<b>Total</b>	<b>26,439</b>	<b>10.55%</b>			
<b>Total Employment *</b>	<b>250,640</b>				

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

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Instruction:</b>							
Regular	174.0	174.0	176.0	185.0	190.0	184.0	182.0
Special Education	66.0	69.0	68.0	69.0	76.0	79.0	80.0
Other Special Education	16.0	16.0	18.0	19.0	25.0	25.0	26.0
<b>Support Services:</b>							
Student & Instruction Related Services	75.0	75.0	73.5	76.0	100.0	100.0	117.0
School Administration Services	20.5	20.5	21.5	20.0	23.0	26.0	26.0
General & Business Administration	18.0	18.0	18.0	18.0	21.0	23.0	23.0
Plant Operations and Maintenance	39.0	39.0	39.0	45.0	43.0	52.0	52.0
Pupil Transportation	30.0	30.0	30.0	39.0	47.0	59.0	62.0
<b>Total</b>	<u>438.5</u>	<u>441.5</u>	<u>444.0</u>	<u>471.0</u>	<u>525.0</u>	<u>548.0</u>	<u>568.0</u>

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

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percent Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2005	2,835	\$ 41,737,587	\$ 14,722		330	12: 1	12: 1	2,835	2,723	-1.80%	96.05%
2006	2,850	42,630,761	14,958	1.60%	336	12: 1	12: 1	2,850	2,735	0.53%	95.96%
2007	2,844	45,460,775	15,985	6.86%	308	12: 1	12: 1	2,844	2,731	-0.21%	96.03%
2008	2,764	46,633,740	16,872	5.55%	297	10: 1	12: 1	2,747	2,638	-3.41%	96.03%
2009	2,724	47,666,248	17,499	3.72%	304	12: 1	12: 1	2,715	2,607	-1.16%	96.02%
2010	2,630	48,515,316	18,447	5.42%	301	12: 1	12: 1	2,619	2,522	-3.54%	96.30%
2011	2,578	45,982,791	17,837	-3.31%	317	12: 1	12: 1	2,562	2,459	-2.17%	95.97%

Note: Enrollment based on annual October District count.

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

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

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

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

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

Source: Rockaway Township School District records.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Birchwood</b>							
Square Feet	24,914	24,914	24,914	24,914	24,914	24,914	24,914
Functional Capacity (Students)	232	232	232	232	232	232	232
Enrollment	371	375	370	360	362	353	327
<b>Copeland</b>							
Square Feet	46,733	46,733	46,733	46,733	46,733	46,733	46,733
Functional Capacity (Students)	408	408	408	408	408	408	408
Enrollment	967	968	997	966	997	921	921
<b>C. A. Dwyer</b>							
Square Feet	47,285	47,285	47,285	47,285	47,285	47,285	47,285
Functional Capacity (Students)	212	212	212	212	212	212	212
Enrollment	342	339	342	314	326	309	336
<b>Dennis B. O'Brien</b>							
Square Feet	29,523	29,523	29,523	29,523	29,523	29,523	29,523
Functional Capacity (Students)	104	104	104	104	104	104	104
Enrollment	369	360	350	335	340	347	298
<b>K. D. Malone</b>							
Square Feet	26,990	26,990	26,990	26,990	26,990	26,990	26,990
Functional Capacity (Students)	216	216	216	216	216	216	216
Enrollment	383	393	388	353	368	299	269
<b>Stony Brook</b>							
Square Feet	26,396	26,396	26,396	26,396	26,396	26,396	26,396
Functional Capacity (Students)	249	249	249	249	249	249	249
Enrollment	403	415	428	436	438	408	404

Number of Schools at June 30, 2011:

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

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

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

Source: Rockaway Township School District Facilities Office.

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

Undistributed Expenditures:

Required Maintenance for School Facilities\* (Account #11-000-261-XXX)

	<u>Birchwood</u>	<u>Copeland Middle</u>	<u>C.A. Dwyer</u>	<u>Dennis B. O'Brien</u>	<u>K.D. Malone</u>	<u>Stony Brook</u>	<u>Total All Facilities</u>
2002	\$ 45,342	\$ 124,744	\$ 63,788	\$ 49,967	\$ 46,402	\$ 40,399	\$ 370,642
2003	54,559	173,648	84,319	54,559	64,479	59,519	491,083
2004	60,670	193,041	93,763	66,185	71,701	66,185	551,545
2005	53,897	285,905	74,702	54,346	79,202	48,964	597,016
2006	58,676	311,253	81,325	59,164	82,851	53,305	646,574
2007	73,815	391,781	102,758	74,466	104,252	66,764	813,836
2008	100,103	436,096	184,213	99,278	151,587	111,942	1,083,219
2009	103,420	450,547	190,317	102,568	156,610	115,651	1,119,113
2010	98,841	281,309	115,228	165,399	150,583	149,096	960,456
2011	93,744	266,802	109,286	156,869	142,817	141,407	910,925

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:		
Property - Blanket Building and Contents	\$ 81,674,608	\$ 1,000
Blanket Extra Expense	1,000,000	
Commercial General Liability	5,000,000	
Commercial Automotive Liability	5,000,000	
Boiler and Machinery - School Alliance Insurance Fund	81,674,608	1,000
Umbrella Liability - School Alliance Insurance Fund	5,000,000	10,000
Educators Legal Liability - School Alliance Insurance Fund	10,000,000	15,000
Workers' Compensation - NJ School Boards' Association Insurance Group	2,000,000 Statutory	
Public Employees' Faithful Performance Blanket Position Bond - Selective Insurance		
Business Administrator/Board Secretary	300,000	
Treasurer	300,000	

Source: Rockaway Township School District records.

SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Rockaway Township School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

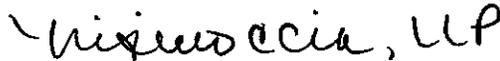
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

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

Compliance and Other Matters

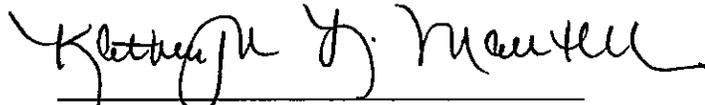
As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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



NISIVOCCIA, LLP

September 16, 2011  
Mt. Arlington, New Jersey



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



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Rockaway Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

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

Internal Control Over Compliance

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

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

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

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

September 16, 2011  
Mt. Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCLIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010		Adjust- ment	Cash Received	Budgetary Expenditures	Balance June 30, 2011		
					(Budgetary Accounts Receivable)	Budgetary Revenue				(Budgetary Accounts Receivable)	Budgetary Revenue	
U.S. Department of Education:												
General Fund:												
Impact Aid	84.041	N/A	7/1/10-6/30/11	\$ 310,309				\$ 310,309	\$ (310,309)			
ARRA - Education Jobs Fund	84.410A	N/A	7/1/10-6/30/11	122,545				93,608	(106,541)	\$ (12,933)		
Total General Fund								403,917	(416,850)	(12,933)		
U.S. Department of Agriculture:												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/09-6/30/10	2,525	\$ (226)			226				
Special Milk Program	10.556	N/A	7/1/10-6/30/11	2,517				2,017	(2,517)	(500)		
Federal Food Distribution Program	10.555	N/A	7/1/10-6/30/11	22,928				22,928	(18,170)		\$ 4,758	
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	131,240	(9,278)			9,278				
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	143,857				115,149	(143,857)	(28,708)		
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	5,224	(476)			476				
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	6,961				4,920	(6,961)	(2,041)		
Subtotal Child Nutrition Cluster					(9,980)			154,994	(171,505)	(31,249)	4,758	
Total Enterprise Funds								(9,980)	154,994	(171,505)	(31,249)	4,758
U.S. Department of Education												
Passed-through State Department of Education:												
NCLB Consolidated:												
Title I	84.010	NCLB-4490-10	9/1/09-8/31/11	58,390	(7,745)			28,539	(20,794)			
Title II - Part A	84.367A	NCLB-4490-10	9/1/09-8/31/11	62,984	(25,231)			32,917	(8,229)	(543)		
Title II - Part D	84.318	NCLB-4490-10	9/1/09-8/31/11	655	(608)			655	(47)			
Title III	84.365	NCLB-4490-10	9/1/09-8/31/11	10,817	(1,917)		\$ 60		(4,265)	(6,122)		
Title IV	84.186	NCLB-4490-10	9/1/09-8/31/11	4,600	(4,585)			1,022	(15)	(3,578)		

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010			Cash Received	Budgetary Expenditures	Balance June 30, 2011	
					(Budgetary Accounts Receivable)	Budgetary Deferred Revenue	Adjust- ment			(Budgetary Accounts Receivable)	Budgetary Revenue
U.S. Department of Education (Cont'd)											
Passed-through State Department of Education:											
NCLB Consolidated (Cont'd):											
Title I	84.010	NCLB-4490-11	9/1/10-8/31/11	\$ 81,941				\$ (42,384)		\$ (42,384)	
Title II - Part A	84.367A	NCLB-4490-11	9/1/10-8/31/11	64,719			\$ 45,188	(53,966)		(8,778)	
Title II - Part D	84.318	NCLB-4490-11	9/1/10-8/31/11	141			131	(141)		(10)	
Title III	84.365	NCLB-4490-11	9/1/10-8/31/11	12,355			3,640	(4,048)		(408)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA-4490-11	9/1/10-8/31/11	573,239			499,277	(573,239)		(73,962)	
I.D.E.A. Part B, Basic	84.027	IDEA-4490-10	9/1/09-8/31/10	576,725	\$ (163,050)		163,050				
I.D.E.A. Part B, Preschool	84.173	IDEA-4490-11	9/1/10-8/31/11	31,963			31,963	(31,963)			
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA-4490-11	7/1/09-8/31/11	577,056	(37,176)		46,724	(13,274)		(3,726)	
ARRA - I.D.E.A. Part B, Presch	84.392	ARRA-4490-11	7/1/09-8/31/11	20,860	(158)		1,992	(2,008)		(174)	
Subtotal Special Education Cluster											
					(200,384)			743,006	(620,484)	(77,862)	
Total Special Revenue Fund											
					(240,470)		60	855,098	(754,373)	(139,685)	
Total Federal Awards											
					\$ (250,450)	\$ - 0 -	\$ 60	\$ 1,414,009	\$(1,342,728)	\$ (183,867)	\$ 4,758

N/A - Not applicable/available.

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

**ROCKAWAY TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2011		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>New Jersey Department of Education</b>												
<b>General Fund:</b>												
<b>Special Education</b>												
Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 1,387,892			\$ 1,254,432	\$(1,387,892)			\$ 133,460		\$ 1,387,892
<b>Extraordinary Aid</b>												
- Special Education	11-100-034-5120-473	7/1/10-6/30/11	469,508				(469,508)		\$ 469,508		469,508	469,508
Nonpublic Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	13,329				(13,329)		13,329		13,329	13,329
<b>Reimbursed TPAF Social Security Contributions</b>												
Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	1,477,866			1,403,828	(1,477,866)		74,038		74,038	1,477,866
<b>Special Education</b>												
Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	1,520,810	\$ 178,697		178,697						1,520,810
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	1,007,368	118,367		118,367						1,007,368
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	145,033	17,041		17,041						145,033
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	426,005	50,056		50,056						426,005
<b>Extraordinary Aid</b>												
- Special Education	10-100-034-5120-473	7/1/09-6/30/10	502,964	502,964		502,964						502,964
Nonpublic Transportation Aid	Not Available	7/1/09-6/30/10	14,724	14,724		14,724						14,724
<b>Reimbursed TPAF Social Security Contributions</b>												
Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	1,632,849	82,148		82,148						1,632,849
<b>Total General Fund State Aid</b>				<b>963,997</b>		<b>3,622,257</b>	<b>(3,348,595)</b>		<b>556,875</b>		<b>690,335</b>	<b>8,598,348</b>
<b>Special Revenue Fund:</b>												
Character Education Aid	06-495-034-5120-053	9/1/05-6/30/06	7,564		\$ 1,200			\$ 1,200				6,364
<b>Total Special Revenue Fund</b>						<b>1,200</b>		<b>1,200</b>				<b>6,364</b>

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2011		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>Debt Service Fund:</b>												
Debt Service State Aid Support	11-100-034-5120-017	7/1/10-6/30/11	\$ 158,118			\$ 158,118	\$ (158,118)					\$ 158,118
<b>Total Debt Service Fund</b>						158,118	(158,118)					158,118
<b>Enterprise Fund</b>												
State School Lunch Program	10-100-010-3350-023	9/1/09-6/30/10	9,839	\$ 681		681						9,839
State School Lunch Program	11-100-010-3350-023	9/1/10-6/30/11	8,405			6,638	(8,405)		\$ 1,767		\$ 1,767	8,405
State School Breakfast Program	11-100-010-3350-021	9/1/09-6/30/10	421	39		39						421
State School Breakfast Program	11-100-010-3350-021	9/1/10-6/30/11	443				(443)		443		443	443
<b>Total Enterprise Fund</b>				720		7,358	(8,848)		2,210		2,210	18,687
<b>Total State Awards</b>				\$ 964,717	\$ 1,200	\$ 3,787,733	\$ (3,515,561)	\$ 1,200	\$ 559,085	\$ - 0 -	\$ 692,545	\$ 8,781,517

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Rockaway Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting, with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$230,701 for the General Fund and \$8,328 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and Post Retirement Medical contributions paid by the State on behalf of the District of \$66,621 and \$1,415,038, respectively.

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 416,850	\$ 5,060,955	\$ 5,477,805
Special Revenue Fund	762,701		762,701
Debt Service Fund		158,118	158,118
Proprietary Funds - Food Service Enterprise	176,263	8,848	185,111
Total Awards	<u>\$ 1,355,814</u>	<u>\$ 5,227,921</u>	<u>\$ 6,583,735</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2011. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

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

Summary of Auditors' Results:

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

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Federal:				
Impact Aid	84.041	7/1/10-6/30/11	\$ 310,309	\$ 310,309
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	573,239	573,239
I.D.E.A. Part B, Preschool	84.173	9/1/10-8/31/11	31,963	31,963
ARRA - I.D.E.A. Part B, Basic	84.391	7/1/10-6/30/11	577,056	13,274
ARRA - I.D.E.A. Part B, Preschool	84.392	7/1/10-6/30/11	20,860	2,008
State:				
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	1,387,892	1,387,892
Extraordinary Aid	11-495-034-5120-473	7/1/10-6/30/11	469,508	469,508

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

ROCKAWAY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no prior year findings.