

RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## INTRODUCTORY SECTION



BOARD OF EDUCATION OF THE BOROUGH OF RUMSON

Forrestdale School • Forrest Avenue • Rumson, N.J. 07760 • (732) 842-0354 • Fax: (732) 842-4877

September 19, 2011

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

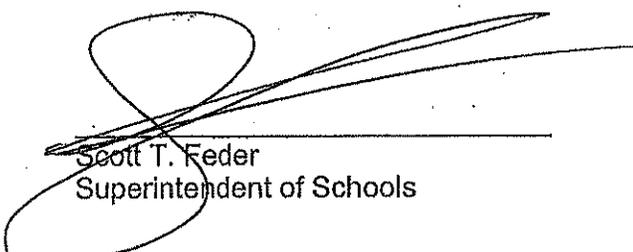
Dear Board Members:

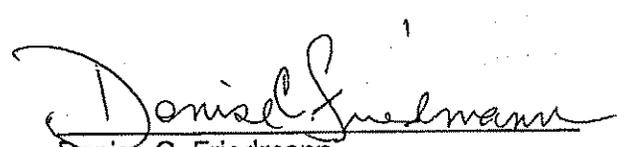
The comprehensive annual financial report of the Rumson School District ("District") for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of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

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

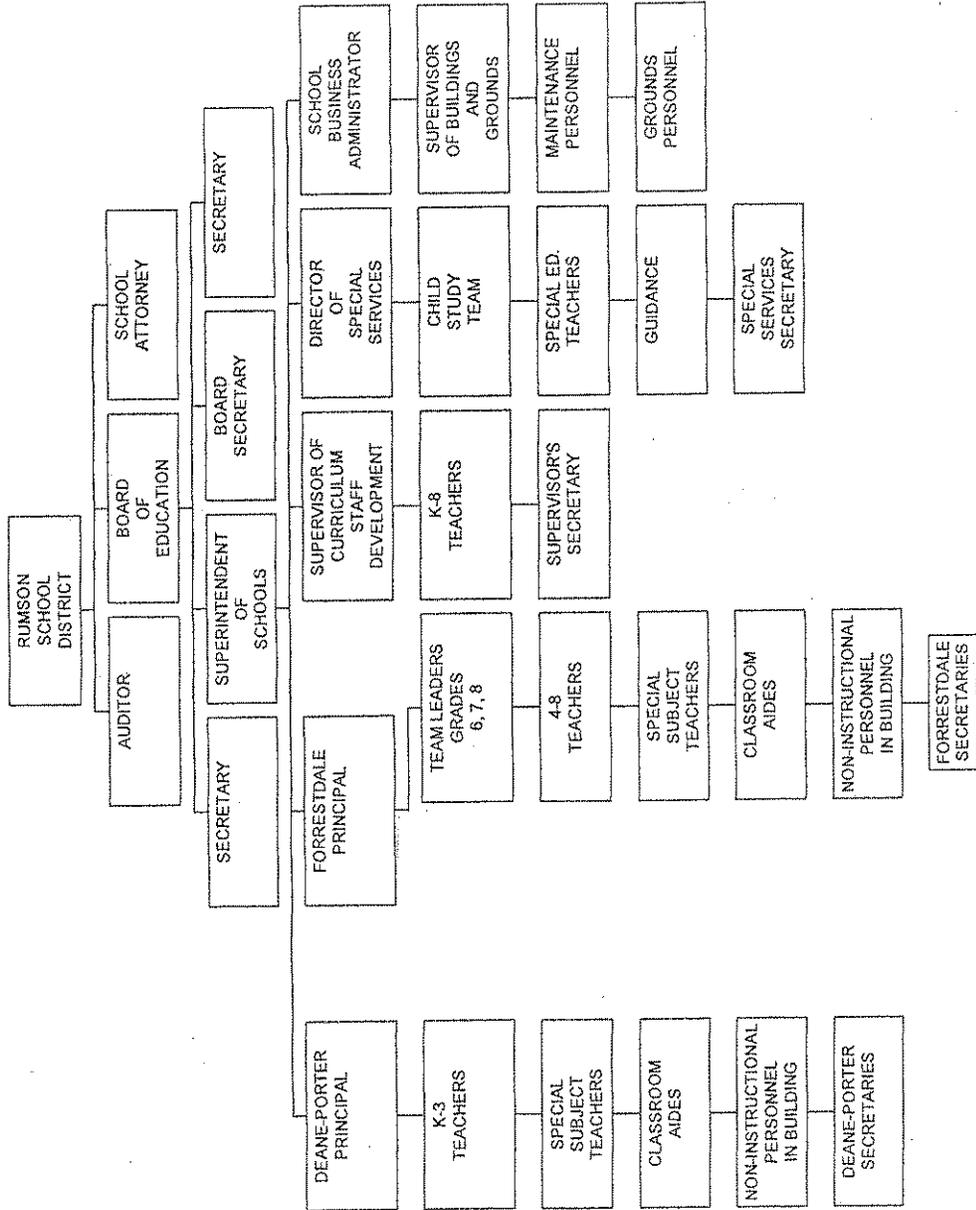
The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single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

Respectfully submitted,

  
\_\_\_\_\_  
Scott T. Feder  
Superintendent of Schools

  
\_\_\_\_\_  
Denise C. Friedmann  
Business Administrator/Board Secretary

# RUMSON SCHOOL DISTRICT



RUMSON BOARD OF EDUCATION  
RUMSON, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Colleen O'Connor, President	2014
Alicia Faccone, Vice President	2012
John Connors	2012
Margaret Simons	2012
Todd Havard	2013
Craig Pinsky	2013
Colleen Hodge	2014
Kim Swain	2014

Other Officials

Scott T. Feder, Superintendent of Schools

Denise C. Friedmann, Business Administrator/Board Secretary

Bruce Quinn, Treasurer of School Monies

Anthony Sciarrillo, Esq., Solicitor

RUMSON BOARD OF EDUCATION  
RUMSON, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2011

Audit Firm

Eugene M. Farrell  
Hutchins, Farrell, Meyer & Allison, P.A.  
912 Highway 33, Suite 2  
Freehold, New Jersey 07728

Attorney

Anthony Sciarrillo, Esq.  
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Official Depository

TD Bank  
River Road  
Fair Haven, New Jersey 07704

Beneficial Bank  
530 Walnut Street  
Philadelphia, Pennsylvania 19106-9943

FINANCIAL SECTION

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

Certified Public Accountants • Business & Financial Advisors

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

Patrice R. Antonucci, CPA  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Rumson School District, in the County of Monmouth, State of New Jersey as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Rumson Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Rumson Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2011 on our consideration of the Rumson Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 8 through 16 and 52 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted to inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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



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Eugene M. Farrell  
Licensed Public School Accountant  
No. 824  
Hutchins, Farrell, Meyer & Allison, P.A.

September 19, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

RUMSON BOROUGH PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Rumson Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ◆ General revenues accounted for \$15,257,126.81 in revenue or 96.01% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$633,697.55 or 3.99% of total revenues of \$15,890,824.36.
- ◆ Total assets of governmental activities increased by \$116,236.62.
- ◆ The School District had \$15,500,407.79 in expenses; only \$633,697.55 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,257,126.81 were adequate to provide for these programs.
- ◆ The General Fund had \$14,073,073.06 in revenues and \$14,009,925.28 in expenditures. The General Fund's balance increased \$63,147.78 over 2010. This increase was anticipated by the Board of Education.

## **Using this Comprehensive Annual Financial Report (CAFR)**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Rumson Borough Public School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds is included in the 2010-11 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's net assets for 2010 and 2011.

Table 1

### Net Assets as of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets:		
Cash and Cash Equivalents	\$ 1,093,638.80	\$ 1,238,992.55
Receivables, Net	7,171,444.07	6,981,584.92
Inventories	5,313.03	2,769.36
Restricted Assets:		
Cash and Cash Equivalents	596,370.96	628,793.81
Capital Assets, Net	<u>14,988,610.42</u>	<u>14,881,414.61</u>
<b>Total Assets</b>	<b><u>\$ 23,855,377.28</u></b>	<b><u>\$ 23,733,555.25</u></b>
Liabilities:		
Accounts Payable	\$ 14,063.15	\$ 29,995.47
Accrued Expenses	87,356.13	91,244.67
Deferred Revenue	6,848,944.64	6,536,920.83
Interfund Payable	12,754.40	2,338.99
Noncurrent Liabilities:		
Due Within One Year	525,000.00	505,000.00
Due Beyond One Year	<u>8,230,083.02</u>	<u>8,821,414.75</u>
<b>Total Liabilities</b>	<b><u>\$ 15,718,201.34</u></b>	<b><u>\$ 15,986,914.71</u></b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 6,369,610.42	\$ 5,757,414.61
Restricted for:		
Capital Projects	617,502.46	643,656.30
Debt Service	5,450.66	5,685.45
General Fund	906,956.18	1,305,182.91
Unrestricted	<u>237,656.22</u>	<u>34,701.27</u>
<b>Total Net Assets</b>	<b><u>\$ 8,137,175.94</u></b>	<b><u>\$ 7,746,640.54</u></b>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2010 and 2011.

Table 2

Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 383,386.00	\$ 306,918.95
Operating Grants and Contributions	140,069.73	227,796.00
Capital Grants and Contributions	110,241.82	216,818.35
General Revenues:		
Property Taxes	13,582,767.00	13,027,588.00
Grants and Entitlements	1,617,786.53	1,978,150.65
Other	<u>56,692.71</u>	<u>40,579.80</u>
Total Revenues	<u>15,890,943.79</u>	<u>15,797,851.75</u>
<u>Program Expenses</u>		
Instruction	9,025,230.16	8,439,926.60
Support Services:		
Pupils and Instructional Staff	2,298,656.60	2,331,015.46
General Administration, School Administration, Business	1,148,055.94	1,206,700.59
Central Services	325,811.47	297,474.18
Administrative Information Technology	126,386.35	113,406.84
Operations and Maintenance of Facilities	1,316,259.03	1,302,814.92
Pupil Transportation	594,626.01	540,902.03
Interest on Debt	357,149.72	372,900.57
Food Service	253,467.51	266,015.20
After School Academy	<u>54,765.00</u>	<u>26,574.50</u>
Total Expenses	<u>15,500,407.79</u>	<u>14,897,730.89</u>
Increase in Net Assets	<u>\$ 390,536.00</u>	<u>\$ 900,120.86</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 85.47% percent of revenues for governmental activities for the Rumson Borough Public School District for fiscal year 2011. The School District's total revenues were \$15,890,943.79 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 10.18%.

The total cost of all program and services was \$15,500,407.79. Instruction comprises 58.22% of School District expenses.

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenses by \$10,983.49.
- ◆ Charges for services represent \$264,451.00 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$0.00.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 9,025,230.16	\$ 8,961,060.16	\$ 8,439,926.60	\$ 8,223,108.25
Support Services:				
Pupils & Instructional Staff	2,298,656.60	2,298,656.60	2,331,015.46	2,307,501.46
General Administration, School Administration, Business	1,148,055.94	1,148,055.94	1,206,700.59	1,206,700.59
Central Services	325,811.47	325,811.47	297,474.18	297,474.18
Admin. Info. Technology	126,286.35	126,386.35	113,406.84	113,406.84
Operation and Maintenance of Facilities	1,316,259.03	1,206,017.21	1,302,814.92	1,302,814.92
Pupil Transportation	594,626.01	587,921.28	540,902.03	424,074.03
Other	665,382.23	223,784.72	665,490.27	271,117.32
<b>Total Expenses</b>	<b>\$ 15,500,407.79</b>	<b>\$ 14,877,693.73</b>	<b>\$ 14,897,730.89</b>	<b>\$ 14,146,197.59</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

### The School District's Funds

Information about the School District's major funds are included in the 2010-11 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) had total revenues of \$15,571,608.36 and expenditures of \$15,885,297.36. The net positive/(negative) change in fund balance for the year was most significant in the Capital Projects Fund, a decrease of \$(375,210.52).

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

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009/10</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 13,702,118.81	88.63%	\$ 614,263.70	4.69%
State Sources	1,344,666.25	8.70	(477,326.61)	(26.20)
Federal Sources	<u>413,190.01</u>	<u>2.67</u>	<u>29,236.22</u>	7.61
Total	<u>\$ 15,459,975.07</u>	<u>100.00%</u>	<u>\$ 166,173.31</u>	<u>1.09%</u>

The increase in Local Sources is attributed to local taxes increasing to cover additional operational costs.

The decrease in State Sources is due to a loss of State Aid.

The increase in Federal Sources is due to receipt of ARRA funds.

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009/10</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 6,127,074.36	39.79%	\$ 445,540.65	7.84%
Undistributed Expenditures	8,344,093.93	54.19	200,562.71	2.46
Capital Outlay	61,247.00	0.40	7,275.22	13.48
Debt Service:				
Principal	505,000.00	3.28	70,000.00	16.09
Interest	<u>361,038.26</u>	<u>2.34</u>	<u>233.50</u>	<u>0.06</u>
<b>Total</b>	<b><u>\$ 15,398,453.33</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 723,612.08</u></b>	<b><u>4.93%</u></b>

The increase in Current - Instruction is attributed to Salaries and Benefits increases.

The increase in Current - Undistributed Expenditures is also attributed to Salaries and Benefits increases.

The increase in Capital Outlay is attributed to a continued emphasis on Safety and Maintenance.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for energy.
- ◆ Additional cost for domestic security.
- ◆ Changes in appropriations to prevent budget overruns.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$63,147.78 increase in surplus funds for a total unrestricted free balance (GAAP) of \$409,409.63 at June 30, 2011.

## Capital Assets

At the end of the fiscal year 2011, the School District had \$14,920,896.42 invested in land, buildings, furniture and equipment and vehicles.

Table 4

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

	<u>2011</u>	<u>2010</u>
Land	\$ 2,314,500.00	\$ 2,314,500.00
Site Improvements	39,448.00	55,977.00
Construction in Progress	1,545,346.82	1,058,503.01
Building and Improvements	10,601,059.82	10,875,974.82
Machinery and Equipment	<u>420,541.78</u>	<u>498,039.78</u>
Total	<u>\$ 14,920,896.42</u>	<u>\$ 14,802,994.61</u>

## Debt Administration

At June 30, 2011, the School District had \$8,755,083.02 as outstanding debt. Of this amount, \$136,083.02 is for compensated absences, and \$8,619,000.00 is for bonds for school construction.

At June 30, 2011, the School district's overall legal debt margin was \$99,350,027.00.

## For the Future

The Rumson Borough Public School District is in very good financial condition presently. A major concern is the continued freeze on state aid to education causing an increased reliance on local property taxes.

The Borough of Rumson is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

In conclusion, the Rumson School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Denise Friedmann, School Business Administrator/Board Secretary at Rumson Borough Board of Education, Forrest Avenue, Rumson, NJ 07760 or email at [dfriedmann@rumsonschool.org](mailto:dfriedmann@rumsonschool.org).

## BASIC FINANCIAL STATEMENTS

## DISTRICT-WIDE FINANCIAL STATEMENTS

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

## RUMSON SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,025,373.16	\$ 68,265.64	\$ 1,093,638.80
Receivables, Net	7,170,826.36	617.71	7,171,444.07
Inventories		5,313.03	5,313.03
<b>Restricted Assets:</b>			
Cash and Cash Equivalents	596,370.96		596,370.96
Capital Assets, Net (Note 8)	<u>14,920,896.42</u>	<u>67,714.00</u>	<u>14,988,610.42</u>
<b>Total Assets</b>	<u>23,713,466.90</u>	<u>141,910.38</u>	<u>23,855,377.28</u>
<b>Liabilities:</b>			
Accounts Payable	4,306.91	13,953.67	18,260.58
Accrued Expenses	87,356.13		87,356.13
Deferred Revenue	6,848,944.64		6,848,944.64
Interfund Payable		12,754.40	12,754.40
<b>Noncurrent Liabilities (Note 9):</b>			
Due Within One Year	525,000.00		525,000.00
Due Beyond One Year	<u>8,230,083.02</u>		<u>8,230,083.02</u>
<b>Total Liabilities</b>	<u>15,695,690.70</u>	<u>26,708.07</u>	<u>15,722,398.77</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	6,301,896.42	67,714.00	6,369,610.42
<b>Restricted for:</b>			
Capital Projects	617,502.46		617,502.46
Debt Service	5,450.66		5,450.66
General Fund	906,956.18		906,956.18
Unrestricted	<u>185,970.48</u>	<u>47,488.31</u>	<u>233,458.79</u>
<b>Total Net Assets</b>	<u>\$ 8,017,776.20</u>	<u>\$ 115,202.31</u>	<u>\$ 8,132,978.51</u>

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

RUMSON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Total	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
				Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction:								
Regular	\$ 4,978,991.07	\$ 2,251,481.81	\$ 7,230,472.88	\$ 64,170.00			\$ (7,166,302.88)	\$ (7,166,302.88)
Special Education	987,071.55	684,299.45	1,671,371.00				(1,671,371.00)	(1,671,371.00)
Other Special Instruction	63,011.59	7,055.11	70,066.70				(70,066.70)	(70,066.70)
Other Instruction	49,705.99	3,613.59	53,319.58				(53,319.58)	(53,319.58)
Support Services:								
Tuition	554,430.33		554,430.33				(554,430.33)	(554,430.33)
Student and Instruction Related Services	1,471,514.82	272,711.45	1,744,226.27				(1,744,226.27)	(1,744,226.27)
School Administrative Services	442,279.22	217,328.15	659,607.37				(659,607.37)	(659,607.37)
General Administrative Services	380,804.42	107,644.15	488,448.57				(488,448.57)	(488,448.57)
Central Services	271,657.77	54,153.70	325,811.47				(325,811.47)	(325,811.47)
Administrative Information Technology	99,309.50	27,076.85	126,386.35				(126,386.35)	(126,386.35)
Plant Operations and Maintenance	1,017,700.32	298,568.71	1,316,259.03			\$ 110,241.82	(1,206,017.21)	(1,206,017.21)
Pupil Transportation	594,626.01		594,626.01		\$ 6,704.73		(587,921.28)	(587,921.28)
Interest on Long-Term Debt	357,149.72		357,149.72		133,365.00		(223,784.72)	(223,784.72)
Total Governmental Activities	11,268,252.31	3,923,922.97	15,192,175.28	64,170.00	140,069.73	110,241.82	(14,877,693.73)	(14,877,693.73)
<b>BUSINESS-TYPE ACTIVITIES</b>								
Rumson After School Academy	54,765.00		54,765.00	54,765.00				
Food Service	257,664.94		257,664.94	264,451.00				\$ 6,786.06
Total Business-Type Activities	312,429.94		312,429.94	319,216.00			6,786.06	6,786.06
Total Primary Government	\$ 11,580,682.25	\$ 3,923,922.97	\$ 15,504,605.22	\$ 383,386.00	\$ 140,069.73	\$ 110,241.82	\$ (14,877,693.73)	\$ (14,870,907.67)
<b>GENERAL REVENUES</b>								
Property Taxes Levied for:								
General Purposes							\$ 12,851,720.00	\$ 12,851,720.00
Debt Service							731,047.00	731,047.00
Federal and State Aid Not Restricted							1,617,786.53	1,617,786.53
Investment Earnings							8,262.19	8,381.62
Miscellaneous Income							48,311.09	48,311.09
Total General Revenues							15,257,126.81	15,257,126.81
Change in Net Assets							379,433.08	386,338.57
Net Assets - Beginning							7,638,343.12	7,748,639.94
Net Assets - Ending							\$ 8,017,776.20	\$ 8,132,978.51

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

## FUND FINANCIAL STATEMENTS

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

## RUMSON SCHOOL DISTRICT

## BALANCE SHEET

## GOVERNMENTAL FUNDS

June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 970,285.31	\$ 51,028.66	\$ 142,098.85	\$ 4,059.19	\$ 1,167,472.01
Due From Other Funds	164,039.00			1,391.47	165,430.47
Receivables From Other Governments	6,981,425.50	154,123.49	22,522.97		7,158,071.96
Capital Reserve Accounts	<u>454,272.11</u>				<u>454,272.11</u>
<b>Total Assets</b>	<u>8,570,021.92</u>	<u>205,152.15</u>	<u>164,621.82</u>	<u>5,450.66</u>	<u>8,945,246.55</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Interfund Payable		151,284.60	1,391.47		152,676.07
Due To Federal Government		4,306.91			4,306.91
Deferred Revenue	<u>6,799,384.00</u>	<u>49,560.64</u>			<u>6,848,944.64</u>
<b>Total Liabilities</b>	<u>6,799,384.00</u>	<u>205,152.15</u>	<u>1,391.47</u>		<u>7,005,927.62</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve	454,272.11				454,272.11
Emergency Reserve	100,000.00				100,000.00
Maintenance Reserve	190,000.00				190,000.00
Capital Projects			108,564.81		108,564.81
Debt Service				1,391.47	1,391.47
Excess Surplus - Current Year	278,453.87				278,453.87
<b>Committed To:</b>					
Year-End Encumbrances			54,665.54		54,665.54
<b>Assigned To:</b>					
Designated by the BOE for Subsequent Year's Expenditures	225,000.00			4,059.19	229,059.19
Other Purposes - Year-End Encumbrances	113,502.31				113,502.31
<b>Unassigned:</b>					
General Fund	<u>409,409.63</u>				<u>409,409.63</u>
<b>Total Fund Balances</b>	<u>1,770,637.92</u>		<u>163,230.35</u>	<u>5,450.66</u>	<u>1,939,318.93</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,570,021.92</u>	<u>\$ 205,152.15</u>	<u>\$ 164,621.82</u>	<u>\$ 5,450.66</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$21,817,317.42 and the accumulated depreciation is \$6,891,421.00 (See Note 8).	14,920,896.42
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 9).	(8,755,083.02)
Accrued interest on long-term liabilities is not reported as liabilities in the Fund.	<u>(87,356.13)</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 8,017,776.20</u>

## RUMSON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 12,851,720.00			\$ 731,047.00	\$ 13,582,767.00
Tuition	64,170.00				64,170.00
Interest Earned on Investments	6,422.57		\$ 1,391.47		7,814.04
Interest Earned on Capital Reserve	448.15				448.15
Miscellaneous	48,311.09				48,311.09
<b>Total - Local Sources</b>	<b>12,971,071.81</b>		<b>1,391.47</b>	<b>731,047.00</b>	<b>13,703,510.28</b>
State Sources	1,102,001.25	\$ 109,300.00	110,241.82	133,365.00	1,454,908.07
Federal Sources		413,190.01			413,190.01
<b>Total Revenues</b>	<b>14,073,073.06</b>	<b>522,490.01</b>	<b>111,633.29</b>	<b>864,412.00</b>	<b>15,571,608.36</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Regular Instruction	4,652,972.85	362,675.23			5,015,648.08
Special Education Instruction	998,708.70				998,708.70
Other Special Instruction	63,011.59				63,011.59
Other Instruction	49,705.99				49,705.99
<b>Support Services and Undistributed Costs:</b>					
Tuition	554,430.33				554,430.33
Student and Instruction Related Services	1,316,354.90	159,814.78			1,476,169.68
General Administration	382,549.99				382,549.99
School Administrative Services	446,352.22				446,352.22
Central Services	272,821.48				272,821.48
Administrative Information Technology	99,891.36				99,891.36
Plant Operations and Maintenance	1,023,518.89				1,023,518.89
Pupil Transportation	594,626.01				594,626.01
Employee Benefits	3,493,733.97				3,493,733.97
<b>Debt Service:</b>					
Principal				505,000.00	505,000.00
Interest and Other Charges				361,038.26	361,038.26
Capital Outlay	61,247.00		486,843.81		548,090.81
<b>Total Expenditures</b>	<b>14,009,925.28</b>	<b>522,490.01</b>	<b>486,843.81</b>	<b>866,038.26</b>	<b>15,885,297.36</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>63,147.78</b>		<b>(375,210.52)</b>	<b>(1,626.26)</b>	<b>(313,689.00)</b>
<b>Other Financing Sources/(Uses):</b>					
Transfers In				1,391.47	1,391.47
Transfers Out			(1,391.47)		(1,391.47)
<b>Total Other Financing Sources/(Uses)</b>			<b>(1,391.47)</b>	<b>1,391.47</b>	
<b>Net Change in Fund Balances</b>	<b>63,147.78</b>		<b>(376,601.99)</b>	<b>(234.79)</b>	<b>(313,689.00)</b>
Fund Balance - July 1	1,707,490.14		539,832.34	5,685.45	2,253,007.93
Fund Balance - June 30	\$ 1,770,637.92	\$ 0.00	\$ 163,230.35	\$ 5,450.66	\$ 1,939,318.93

## RUMSON SCHOOL DISTRICT

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

For the fiscal year ended June 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (313,689.00)
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (430,189.00)	
Capital Outlay	548,090.81	117,901.81
<p>Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
		505,000.00
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		66,331.73
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition to the reconciliation.</p>		
		3,888.54
Change in Net Assets of Governmental Activities		\$ 379,433.08

RUMSON SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Summer AM RASA Programs</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 55,511.24	\$ 12,754.40	\$ 68,265.64
Accounts Receivable	617.71		617.71
Inventory	5,313.03		5,313.03
Total - Current Assets	<u>61,441.98</u>	<u>12,754.40</u>	<u>74,196.38</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	169,050.00		169,050.00
Less:			
Accumulated Depreciation	<u>(101,336.00)</u>		<u>(101,336.00)</u>
Total - Noncurrent Assets	<u>67,714.00</u>		<u>67,714.00</u>
Total Assets	<u>\$ 129,155.98</u>	<u>\$ 12,754.40</u>	<u>\$ 141,910.38</u>
Liabilities:			
Accounts Payable	\$ 13,953.67		\$ 13,953.67
Due To General Fund		\$ 12,754.40	12,754.40
Total Liabilities	<u>13,953.67</u>	<u>12,754.40</u>	<u>26,708.07</u>
Net Assets:			
Invested in Capital Assets Net of Related Debt	67,714.00		67,714.00
Unrestricted	<u>47,488.31</u>		<u>47,488.31</u>
Total Net Assets	<u>\$ 115,202.31</u>	<u>\$ 0.00</u>	<u>\$ 115,202.31</u>

## RUMSON SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

## PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	Business-Type Activities Enterprise Funds		<u>Totals</u>
	<u>Food Service</u>	<u>Summer AM RASA Programs</u>	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	<u>\$ 264,451.00</u>	<u>\$ 54,765.00</u>	<u>\$ 319,216.00</u>
Total Operating Revenues	<u>264,451.00</u>	<u>54,765.00</u>	<u>319,216.00</u>
Operating Expenses:			
Salaries	86,036.94	40,643.65	126,680.59
Support Services - Employee Benefits	26,221.00		26,221.00
Purchased Professional/Technical Services	(31.00)		(31.00)
General Insurance	4,888.00		4,888.00
Shipping and Telephone	216.00		216.00
Uniforms and Laundry	945.00		945.00
Supplies and Materials	1,222.00	1,366.95	2,588.95
Depreciation	10,706.00		10,706.00
Cost of Sales	91,713.33		91,713.33
Management Fee	24,908.06		24,908.06
Admin Fees	1,163.00		1,163.00
Miscellaneous Expenditures	<u>9,676.61</u>	<u>12,754.40</u>	<u>22,431.01</u>
Total Operating Expenses	<u>257,664.94</u>	<u>54,765.00</u>	<u>312,429.94</u>
Operating Gain	<u>6,786.06</u>		<u>6,786.06</u>
Nonoperating Revenues:			
Interest Income	<u>119.43</u>		<u>119.43</u>
Total Nonoperating Revenues	<u>119.43</u>		<u>119.43</u>
Change in Net Assets	6,905.49		6,905.49
Total Net Assets - Beginning	<u>108,296.82</u>		<u>108,296.82</u>
Total Net Assets - Ending	<u>\$ 115,202.31</u>	<u>\$ 0.00</u>	<u>\$ 115,202.31</u>

## RUMSON SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Food Service	Summer AM RASA Programs	Totals
Cash Flows From Operating Activities:			
Receipts From Customers	\$ 264,538.56	\$ 54,765.00	\$ 319,303.56
Payments To Vendors	(151,430.10)	(3,705.94)	(155,136.04)
Salaries and Benefits	(109,808.00)	(40,643.65)	(150,451.65)
Net Cash Used For Operating Activities	<u>3,300.46</u>	<u>10,415.41</u>	<u>13,715.87</u>
Cash Flows From Investing Activities:			
Interest Income	<u>119.43</u>		<u>119.43</u>
Net Cash Provided By Investing Activities	<u>119.43</u>		<u>119.43</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,419.89	10,415.41	13,835.30
Balance - Beginning of Year	<u>52,091.35</u>	<u>2,338.99</u>	<u>54,430.34</u>
Balance - End of Year	<u>\$ 55,511.24</u>	<u>\$ 12,754.40</u>	<u>\$ 68,265.64</u>
Reconciliation of Operating Income To Net Cash From Operating Activities:			
Operating Gain	\$ 6,786.06		\$ 6,786.06
Decrease in Accounts Payable	(11,735.49)		(11,735.49)
Decrease in Accounts Receivable	87.56		87.56
Increase in Inventory	(2,543.67)		(2,543.67)
Depreciation	10,706.00		10,706.00
Increase in Interfund Payable		\$ 10,415.41	10,415.41
Total Adjustments	<u>3,300.46</u>	<u>10,415.41</u>	<u>13,715.87</u>
Net Cash Used For Operating Activities	<u>\$ 3,300.46</u>	<u>\$ 10,415.41</u>	<u>\$ 13,715.87</u>

## RUMSON SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>	<u>Totals</u>
Assets:				
Cash and Cash Equivalents	\$ 106,425.63	\$ 148,920.51	\$ 247,024.61	\$ 502,370.75
Total Assets	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>	<u>\$ 247,024.61</u>	<u>\$ 502,370.75</u>
Liabilities:				
Payable To Student Groups			\$ 58,512.27	\$ 58,512.27
Payroll Deductions and Withholdings			188,512.34	188,512.34
Total Liabilities			<u>247,024.61</u>	<u>247,024.61</u>
Net Assets:				
Held in Trust for Unemployment Claims and Other Purposes	\$ 106,425.63			106,425.63
Reserved for Scholarships		\$ 148,920.51		148,920.51
Total Net Assets	<u>106,425.63</u>	<u>148,920.51</u>		<u>255,346.14</u>
Total Liabilities and Net Assets	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>	<u>\$ 247,024.61</u>	<u>\$ 502,370.75</u>

## RUMSON SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
Additions:		
Contributions:		
Plan Members	\$ 20,165.68	
Board Contribution	62,184.56	
Other		\$ 198,598.09
Total Contributions	<u>82,350.24</u>	<u>198,598.09</u>
Investment Earnings:		
Interest	<u>173.71</u>	
Net Investment Earnings	<u>173.71</u>	
Total Additions	<u>82,523.95</u>	<u>198,598.09</u>
Deductions:		
Quarterly Contribution Reports	9,351.08	
Unemployment Claims	88,818.39	
Scholarships Awarded		<u>113,241.53</u>
Total Deductions	<u>98,169.47</u>	<u>113,241.53</u>
Change in Net Assets	(15,645.52)	85,356.56
Net Assets - Beginning of Year	<u>122,071.15</u>	<u>63,563.95</u>
Net Assets - End of Year	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity:**

The Rumson School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year staggered terms. The purpose of the District is to educate students in grades Kindergarten through 8. The Rumson School District had an approximate enrollment of 993 June 30, 2011.

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

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Basis of Presentation (Cont'd):**

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this Fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Basis of Presentation (Cont'd):**

The District reports the following proprietary fund:

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

The District reports the following fund types:

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Basis of Accounting**

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

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

**Governmental Fund Financial Statements:** Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

**C. Budgets/Budgetary Control:**

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

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

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011, there was a reconciling difference of \$66,625.00 between the budgetary basis and GAAP basis in the General Fund and of (\$18,025.69) in the Special Revenue Fund.

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

RUMSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 14,006,448.06	\$ 540,515.70
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances		22,126.83
Current Year Encumbrances		(40,152.52)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	66,625.00	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,073,073.06	\$ 522,490.01
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 14,009,925.28	\$ 540,515.70
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		22,126.83
Current Year Encumbrances		(40,152.52)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,009,925.28	\$ 522,490.01

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

**D. Encumbrance Accounting:**

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

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

**E. Assets, Liabilities, and Equity:**

**Interfund Transactions:**

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

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

**Inventories:**

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Capital Assets:**

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

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

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

**Compensated Absences:**

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

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Deferred Revenue:**

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

**Accrued Liabilities and Long-Term Obligations:**

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

**Net Assets:**

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

**Fund Balance Reserves:**

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent year's expenditures.

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Revenues – Exchange and Nonexchange Transactions:**

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

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

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

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

RUMSON SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

**2. CAPITAL RESERVE ACCOUNT**

A Capital Reserve Account was established by the Rumson Board of Education by inclusion of \$100.00 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP. 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		\$ 103,828.96
Increased By:		
Transfer from Surplus	\$ 350,000.00	
Interest Earnings	448.15	
		350,448.15
Ending Balance, June 30, 2011		\$ 454,272.11

The June 30, 2011 LRFP balance of local support costs of uncompleted Capital Projects is \$12,886,923.00.

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**3. TRANSFERS TO CAPITAL OUTLAY**

During the year ending June 30, 2011, the District transferred \$14,200.00 to the Capital Outlay account.

**4. DEPOSITS AND INVESTMENTS**

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

Deposits

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

Bank balances at June 30, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2011 and 2010, the book value of the Board's deposits were \$2,192,380.49 and \$2,293,489.83, respectively.

Custodial Credit Risk Related to Deposits

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

At June 30, 2011 and 2010, the Board's bank balances of \$3,302,333.36 and \$3,081,990.94, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 3,302,333.36	\$ 3,081,990.94
Uninsured and Uncollateralized	<u>0.00</u>	<u>0.00</u>
	<u>\$ 3,302,333.36</u>	<u>\$ 3,081,990.94</u>

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**4. DEPOSITS AND INVESTMENTS (CONT'D)**

Investments

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

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

Interest Rate Risk

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

Credit Risk

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

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

**5. RECEIVABLES**

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

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
Property Taxes	\$ 6,791,384.00	\$ 6,791,384.00
Federal Aid	154,123.49	154,123.49
State Aid	212,564.47	212,564.47
Other		617.71
Interfunds	<u>165,430.47</u>	<u>12,754.40</u>
	7,323,502.43	7,171,444.07
Less: Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 7,323,502.43</u>	<u>\$ 7,171,444.07</u>

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**5. RECEIVABLES (CONT'D)**

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2011, deferred revenue reported in the fund financial statements is comprised as follows:

Deferred Property Taxes	<u>\$ 6,791,384.00</u>
-------------------------	------------------------

**6. INTERFUND BALANCES AND TRANSFERS**

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

\$ 151,284.60	Due to General Fund from Special Revenue Fund representing cash advances.
12,754.40	Due to General Fund from Enterprise Fund representing RASA Administration Fee.
<u>1,391.47</u>	Due to Debt Service Fund from Capital Projects Fund representing interest.
<u>\$ 165,430.47</u>	

**Transfers**

As of June 30, 2011, the District's operating transfers consisted of \$1,391.47 of interest earnings from the Capital Projects Fund to the Debt Service Fund.

**7. INVENTORY**

The value of inventory in the Food Service Fund at June 30, 2011 was \$5,313.03.

RUMSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**8. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,314,500.00			\$ 2,314,500.00
Construction in Progress	<u>1,058,503.01</u>	<u>\$ 486,843.81</u>		<u>1,545,346.82</u>
Total Capital Assets Not Being Depreciated	<u>3,373,003.01</u>	<u>486,843.81</u>		<u>3,859,846.82</u>
Capital Assets Being Depreciated:				
Site Improvements	341,746.00			341,746.00
Building and Building Improvements	15,684,985.82			15,684,985.82
Machinery and Equipment	<u>1,988,007.78</u>	<u>61,247.00</u>	<u>\$ 118,516.00</u>	<u>1,930,738.78</u>
Totals at Historical Cost	<u>18,014,739.60</u>	<u>61,247.00</u>	<u>118,516.00</u>	<u>17,957,470.60</u>
Less Accumulated Depreciation for:				
Site Improvements	(285,769.00)	(16,529.00)		(302,298.00)
Building and Building Improvements	(4,809,011.00)	(274,915.00)		(5,083,926.00)
Machinery and Equipment	<u>(1,489,968.00)</u>	<u>(138,745.00)</u>	<u>(118,516.00)</u>	<u>(1,510,197.00)</u>
Total Accumulated Depreciation	<u>(6,584,748.00)</u>	<u>(430,189.00)</u>	<u>(118,516.00)</u>	<u>(6,896,421.00)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>11,429,991.60</u>	<u>(368,942.00)</u>		<u>11,061,049.60</u>
Government Activity Capital Assets, Net	<u>14,802,994.61</u>	<u>117,901.81</u>		<u>14,920,896.42</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	169,050.00			169,050.00
Less Accumulated Depreciation	<u>(90,630.00)</u>	<u>(10,706.00)</u>		<u>(101,336.00)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 78,420.00</u>	<u>\$ (10,706.00)</u>	<u>\$ 0.00</u>	<u>\$ 67,714.00</u>

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**8. CAPITAL ASSETS (CONT'D)**

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 236,733.00
Special Education	44,696.65
Other Special Instruction	7,055.11
Other Instruction	3,613.59
Student and Instruction Related Services	56,096.65
School Administrative Services	27,790.20
General and Business Administrative Services	26,413.60
Plant Operations and Maintenance	<u>27,790.20</u>
 Total	 <u>\$ 430,189.00</u>

**9. LONG-TERM OBLIGATIONS**

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.

**A. Long-Term Obligation Activity:**

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases/</u> <u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensated Absences Payable	\$ 202,414.75	\$ (66,331.73)	\$ 136,083.02	
Bonds Payable	<u>9,124,000.00</u>	<u>(505,000.00)</u>	<u>8,619,000.00</u>	<u>\$ 525,000.00</u>
	<u>\$ 9,326,414.75</u>	<u>\$ (571,331.73)</u>	<u>\$ 8,755,083.02</u>	<u>\$ 525,000.00</u>

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**9. LONG-TERM OBLIGATIONS (CONT'D)**

**A. Long-Term Obligation Activity: (cont'd)**

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

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

	Government Activities			
	Issue Dates	Interest Rates	Dates of Maturity	Balance June 30, 2011
Bonds Payable	04/01/03	3.750-4.100%	09/01/11-22	\$ 5,582,000.00
	08/15/08	3.250-5.000%	05/01/12-18	1,850,000.00
	05/19/09	4.000-4.125%	02/01/12-24	1,187,000.00
Total Bonds				\$ 8,619,000.00

**B. Bonds Payable**

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 525,000.00	\$ 340,032.03	\$ 865,032.03
2013	555,000.00	319,200.78	874,200.78
2014	565,000.00	299,132.03	864,132.03
2015	620,000.00	273,438.28	893,438.28
2016	645,000.00	249,707.02	894,707.02
2017-2021	3,820,000.00	804,278.85	4,624,278.85
2022-2024	1,889,000.00	91,671.79	1,980,671.79
	\$ 8,619,000.00	\$ 2,377,460.78	\$ 10,996,460.78

**C. Bonds Authorized But Not Issued**

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**9. LONG-TERM OBLIGATIONS (CONT'D)**

**D. Capital Leases Payable**

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

**10. OPERATING LEASES**

Total Operating Lease payments made during the year ended June 30, 2011 were \$15,094.32. Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 15,094.32
2013	15,094.23
2014	<u>13,836.43</u>
Total Future Minimum Lease Payments	<u>\$ 44,024.98</u>

**11. PENSION PLANS**

**Description of Plans**

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

**Teachers' Pension and Annuity Fund ("TPAF")**

The Teachers' Pension and Annuity Fund was established as of January 1, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The 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 District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**11. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System ("PERS")**

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

**Significant Legislation**

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market-related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements**

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**11. PENSION PLANS (CONT'D)**

**Contribution Requirements (Cont'd):**

<u>Year Funding June 30,</u>	<u>Three-Year Trend Information for PERS</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 135,244.00	100.00%	\$ 135,244.00
2010	102,644.00	100.00	102,644.00
2009	83,632.00	100.00	83,632.00

<u>Year Funding June 30,</u>	<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 406,973.00	100.00%	\$ 0.00
2010	403,028.00	100.00	0.00
2009	398,162.00	100.00	0.00

During the year ended June 30, 2011, the State of New Jersey contributed \$18,299.00 to the TPAF for NCGI premiums and \$388,674.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$478,057.52 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500.00 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**12. POST – RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288, retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post- retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing bases, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$388,674.00, \$382,654.00, and \$378,331.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

**13. DEFERRED COMPENSATION**

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

Equitable

Oppenheimer Funds

RUMSON SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**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.

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010/11	\$ 62,184.56	\$ 20,165.68	\$ 98,169.47	\$ 106,425.63
2009/10	0.00	23,915.13	20,504.48	122,071.15
2008/09	0.00	21,221.80	11,909.42	118,346.74

**15. CONTINGENT LIABILITIES**

**Grant Programs**

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**16. FUND BALANCE APPROPRIATED**

The District has implemented GASB 54 during fiscal year 2011.

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

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

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

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

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

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

RUMSON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

**16. FUND BALANCE APPROPRIATED (CONT'D)**

Classification Totals

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances:					
Restricted	\$ 1,022,725.98		\$ 5,450.66	\$ 108,564.81	\$ 1,036,741.45
Committed				54,665.54	54,665.54
Assigned	338,502.31				338,502.31
Unassigned	<u>409,409.63</u>				<u>409,409.63</u>
	<u>\$ 1,770,637.92</u>	<u>\$ 0.00</u>	<u>\$ 5,450.66</u>	<u>\$ 163,230.35</u>	<u>\$ 1,939,318.93</u>

**17. CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$278,453.87.

**18. SERVICE AGREEMENT - MOESC**

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

	<u>Grant Amount</u>	<u>Expenditures</u>	<u>Balance*</u>
Non-Public Exam & Class	\$ 24,242.00	\$ 23,126.43	\$ 1,115.57
Non-Public Speech	11,891.00	11,500.00	391.00
Non-Public Supp. Instruction	12,646.00	12,646.00	
Non-Public Nursing	25,256.00	23,963.41	1,292.59
Non-Public Textbook	21,315.00	21,170.67	144.33
Chapter 192 Comp. Ed.	21,167.00	21,167.00	

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 12,851,721.00		\$ 12,851,721.00	\$ 12,851,720.00	\$ (1.00)
Tuition	25,000.00		25,000.00	64,170.00	39,170.00
Interest Earned on Maintenance Reserve Funds	1.00		1.00		(1.00)
Interest Earned on Capital Reserve Funds	1.00		1.00	448.15	447.15
Unrestricted Miscellaneous Revenues	28,743.00		28,743.00	54,733.66	25,990.66
<b>Total Local Sources</b>	<b>12,905,466.00</b>		<b>12,905,466.00</b>	<b>12,971,071.81</b>	<b>65,605.81</b>
State Sources:					
Extraordinary Aid				140,207.00	140,207.00
Categorical Special Education Aid	3,434.00		3,434.00	3,434.00	
Non-Public Transportation Aid				6,704.73	6,704.73
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				388,674.00	388,674.00
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				18,299.00	18,299.00
TPAF Social Security (Reimbursed - Non-Budgeted)				478,057.52	478,057.52
<b>Total State Sources</b>	<b>3,434.00</b>		<b>3,434.00</b>	<b>1,035,376.25</b>	<b>1,031,942.25</b>
<b>Total Revenues</b>	<b>12,908,900.00</b>		<b>12,908,900.00</b>	<b>14,006,448.06</b>	<b>1,097,548.06</b>
<b>EXPENDITURES</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	334,882.00	\$ 31,245.25	366,127.25	344,740.25	21,387.00
Grades 1-5	2,134,613.00	216,754.77	2,351,367.77	2,333,478.83	17,888.94
Grades 6-8	1,671,330.00	76,821.72	1,748,151.72	1,687,258.57	60,893.15
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00		2,500.00	1,426.25	1,073.75
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	41,000.00	13,200.00	54,200.00	42,190.88	12,009.12
Purchased Technical Services	5,000.00	(5,000.00)			
Other Purchased Services	22,000.00	(3,700.00)	18,300.00	9,712.49	8,587.51
General Supplies	230,000.00	36,917.77	266,917.77	229,276.53	37,641.24
Textbooks	14,700.00	(11,700.00)	3,000.00	1,188.86	1,831.14
Other Objects	4,738.00	280.10	5,018.10	3,720.19	1,297.91
<b>Total Regular Programs - Instruction</b>	<b>4,460,763.00</b>	<b>354,819.61</b>	<b>4,815,582.61</b>	<b>4,652,972.85</b>	<b>162,609.76</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	62,907.00	5,690.76	68,597.76	66,541.65	2,056.11
Other Salaries for Instruction	34,974.00	(11,675.74)	23,298.26	1,235.00	22,063.26
General Supplies		6,415.00	6,415.00	2,065.84	4,349.16
<b>Total Learning and/or Language Disabilities</b>	<b>97,881.00</b>	<b>430.02</b>	<b>98,311.02</b>	<b>69,842.49</b>	<b>28,468.53</b>
Multiple Disabilities:					
Salaries of Teachers		6,555.00	6,555.00	6,555.00	
Other Salaries for Instruction		800.00	800.00	800.00	
General Supplies		24.00	24.00	24.00	
<b>Total Multiple Disabilities</b>		<b>7,379.00</b>	<b>7,379.00</b>	<b>7,379.00</b>	
Resource Room/Resource Center:					
Salaries of Teachers	707,374.00	111,203.83	818,577.83	816,407.83	2,170.00
Other Salaries for Instruction	36,266.00	(31,232.00)	5,034.00	3,688.00	1,346.00
General Supplies		3,500.00	3,500.00	2,922.89	577.11
<b>Total Resource Room/Resource Center</b>	<b>743,640.00</b>	<b>83,471.83</b>	<b>827,111.83</b>	<b>823,018.72</b>	<b>4,093.11</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	96,206.00	5,095.77	101,301.77	92,299.01	9,002.76
Other Salaries for Instruction	26,506.00	1,292.00	27,798.00	5,687.30	22,110.70
General Supplies		500.00	500.00	232.18	267.82
Other Objects		250.00	250.00	250.00	
<b>Total Preschool Disabilities - Part-Time</b>	<b>122,712.00</b>	<b>7,137.77</b>	<b>129,849.77</b>	<b>98,468.49</b>	<b>31,381.28</b>
<b>Total Special Education - Instruction</b>	<b>964,233.00</b>	<b>98,418.62</b>	<b>1,062,651.62</b>	<b>998,708.70</b>	<b>63,942.92</b>

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	62,616.00	6,703.00	69,319.00	62,645.08	6,673.92
General Supplies	1,000.00		1,000.00	366.51	633.49
Total Basic Skills/Remedial - Instruction	63,616.00	6,703.00	70,319.00	63,011.59	7,307.41
School Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	15,000.00		15,000.00	7,875.74	7,124.26
Supplies and Materials	2,250.00		2,250.00	1,864.79	385.21
Total School Sponsored Co/Extra Curricular Activities - Instruction	17,250.00		17,250.00	9,740.53	7,509.47
School Sponsored Athletics - Instruction:					
Salaries	22,000.00	4,331.00	26,331.00	26,331.00	
Purchased Services	15,000.00	(4,331.00)	10,669.00	10,050.75	618.25
Supplies and Materials	7,500.00		7,500.00	3,583.71	3,916.29
Total School Sponsored Athletics - Instruction	44,500.00		44,500.00	39,965.46	4,534.54
Total - Instruction	5,550,362.00	459,941.23	6,010,303.23	5,764,399.13	245,904.10
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Special	60,000.00		60,000.00		60,000.00
Tuition To Private Schools for the Disabled Within State	527,532.00	63,150.06	590,682.06	554,430.33	36,251.73
Total Undist. Expend. - Instruction	587,532.00	63,150.06	650,682.06	554,430.33	96,251.73
Undist. Expend. - Health Services:					
Salaries	164,002.00	12,474.56	176,476.56	175,660.24	816.32
Purchased Professional and Technical Services	5,000.00		5,000.00	5,000.00	
Supplies and Materials	6,500.00		6,500.00	6,381.10	118.90
Total Undist. Expend. - Health Services	175,502.00	12,474.56	187,976.56	187,041.34	935.22
Undist. Expend. - Other Supp. Serv. Students Related Serv:					
Salaries	222,714.00	15,127.75	237,841.75	236,003.48	1,838.27
Purchased Professional - Educational Services	65,000.00	18,640.00	83,640.00	31,056.46	52,583.54
Supplies and Materials		3,400.00	3,400.00	1,468.68	1,931.32
Total Undist. Expend. - Other Supp. Serv. Students Rel. Serv.	287,714.00	37,167.75	324,881.75	268,528.62	56,353.13
Undist. Expend. - Other Support Serv. Students - Extraordinary:					
Salaries	90,445.00	66,978.14	157,423.14	157,329.60	93.54
Purchased Professional - Educational Services	105,750.00	(28,480.14)	77,269.86	46,639.95	30,629.91
Total Undist. Expend. - Other Support Serv. Students - Extraordinary	196,195.00	38,498.00	234,693.00	203,969.55	30,723.45
Undist. Expend. - Other Support Serv. Students - Regular:					
Salaries of Other Professional Staff	72,012.00	7,275.65	79,287.65	78,341.25	946.40
Supplies and Materials	500.00		500.00	131.77	368.23
Total Undist. Expend. - Other Support Serv. Students - Regular	72,512.00	7,275.65	79,787.65	78,473.02	1,314.63
Undist. Expend. - Other Support Serv. Students - Special:					
Salaries of Other Professional Staff	363,057.00	(12,593.60)	350,463.40	296,590.26	53,873.14
Salaries of Secretarial and Clerical Assistants	38,688.00	11,319.00	50,007.00	50,006.92	0.08
Purchased Professional - Educational Services		14,560.89	14,560.89	14,169.70	391.19
Miscellaneous Purchased Services	750.00	1,904.64	2,654.64	1,791.76	862.88
Supplies and Materials	500.00	2,250.00	2,750.00	1,671.14	1,078.86
Total Undist. Expend. - Other Support Serv. Students - Special	402,995.00	17,440.93	420,435.93	384,229.78	56,206.15
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	62,862.00	(10,741.00)	52,121.00	42,000.00	10,121.00
Salaries of Secretarial and Clerical Assistants	24,000.00	1,728.20	25,728.20	25,089.48	638.72
Other Purchased Services	750.00		750.00	704.76	45.24
Supplies and Materials	1,000.00	5,250.00	6,250.00	1,270.97	4,979.03
Total Undist. Expend. - Improvement of Instructional Services	88,612.00	(3,762.80)	84,849.20	69,065.21	15,783.99

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Educational Media/School Library:					
Salaries	76,267.00	11,104.32	87,371.32	86,399.32	972.00
Supplies and Materials	16,000.00	(2,198.90)	13,801.10	12,576.60	1,224.50
Total Undist. Expend. - Educational Media/School Library	92,267.00	8,905.42	101,172.42	98,975.92	2,196.50
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	41,908.00	(13,908.00)	28,000.00	28,000.00	
Salaries of Secretarial and Clerical Assistants	16,000.00	726.80	16,726.80	16,725.74	1.06
Supplies and Materials	1,000.00	4,437.88	5,437.88	687.88	4,750.00
Other Objects	1,000.00	312.12	1,312.12	657.84	654.28
Total Undist. Expend. - Instructional Staff Training Services	59,908.00	(8,431.20)	51,476.80	46,071.46	5,405.34
Undist. Expend. - Support Services - General Administration:					
Salaries	227,166.00		227,166.00	226,770.84	395.16
Legal Services	75,000.00	(2,921.89)	72,078.11	45,168.29	26,909.82
Audit Fees	23,500.00		23,500.00	18,750.00	4,750.00
Communications/Telephone	14,600.00	5,000.00	19,600.00	11,670.81	7,929.19
BOE Other Purchased Services	1,500.00	(1,500.00)			
Other Purchased Services	37,919.00	(629.14)	37,289.86	35,784.36	1,505.50
General Supplies	4,000.00	700.00	4,700.00	4,657.92	42.08
Miscellaneous Expenditures	32,500.00	6,677.82	39,177.82	32,306.04	6,871.78
BOE Membership Dues and Fees	8,500.00		8,500.00	7,441.73	1,058.27
Total Undist. Expend. - Support Services - General Administration	424,685.00	7,326.79	432,011.79	382,549.99	49,461.80
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	229,328.00	(1,649.00)	227,679.00	227,679.00	
Salaries of Secretarial and Clerical Assistants	159,006.00	19,329.66	178,335.66	177,779.74	555.92
Purchased Professional and Technical Services	7,500.00	6,618.77	14,118.77	13,500.00	618.77
Other Purchased Services	4,500.00	(4,193.93)	306.07		306.07
Supplies and Materials	13,000.00	259.31	13,259.31	11,323.40	1,935.91
Other Objects	10,000.00	6,227.65	16,227.65	16,070.08	157.57
Total Undist. Expend. - Support Services - School Administration	423,334.00	26,592.46	449,926.46	446,352.22	3,574.24
Undist. Expend. - Support Services - Central Services:					
Salaries	206,000.00	11,513.14	217,513.14	217,513.14	
Purchased Professional Services		17,271.00	17,271.00	17,271.00	
Purchased Technical Services	39,000.00	(18,846.00)	20,154.00	20,154.00	
Miscellaneous Purchased Services	8,000.00	(4,149.80)	3,850.20	3,850.20	
Supplies and Materials	4,000.00	10,220.71	14,220.71	9,512.44	4,708.27
Miscellaneous Expenditures	5,000.00	(479.30)	4,520.70	4,520.70	
Total Undist. Expend. - Support Services - Central Services	262,000.00	15,529.75	277,529.75	272,821.48	4,708.27
Undist. Expend. - Support Services - Admin Info Technology:					
Salaries	77,611.00	292.50	77,903.50	77,903.46	0.04
Purchased Professional Services	15,000.00	(3,589.69)	11,410.31	11,410.31	
Purchased Technical Services	5,000.00	(2,450.00)	2,550.00	2,550.00	
Supplies and Materials		8,880.80	8,880.80	8,027.59	853.21
Total Undist. Expend. - Support Services - Admin Info Technology	97,611.00	3,133.61	100,744.61	99,891.36	853.25
Interest Earned on Maintenance Reserve	1.00	(1.00)			
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	80,000.00	18,686.98	98,686.98	97,806.98	880.00
General Supplies	15,000.00	(7,853.72)	7,146.28	7,146.28	
Other Objects	3,500.00	(3,500.00)			
Total Undist. Expend. - Required Maintenance for School Facilities	98,500.00	7,333.26	105,833.26	104,953.26	880.00
Undist. Expend. - Other Oper. & Maint. of Plant:					
Salaries	331,354.00	62,396.87	393,750.87	380,418.46	13,332.41
Salaries of Non-Instructional Aides	58,830.00	(58,830.00)			
Purchased Professional and Technical Services	10,000.00		37,891.91	47,891.91	
Cleaning, Repair and Maintenance Services	24,000.00	(3,315.26)	20,684.74	20,283.35	401.39
Other Purchased Property Services	25,000.00	9,589.32	34,589.32	33,526.53	1,062.79
Insurance	34,055.00	(3,278.00)	30,777.00	30,777.00	
General Supplies	39,000.00	25,183.37	64,183.37	49,403.60	14,779.77
Energy (Heat & Electricity)		11,000.00	11,000.00	11,000.00	
Energy (Electricity)	160,000.00	29,508.86	189,508.86	181,508.86	8,000.00
Energy (Natural Gas)	215,000.00	(110,080.20)	104,919.80	101,519.80	3,400.00
Other Objects	5,000.00	(4,840.00)	160.00	160.00	
Total Undist. Expend. - Other Oper. & Maint. of Plant	902,239.00	(4,773.13)	897,465.87	856,489.51	40,976.36

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	34,333.00	2,686.00	37,019.00	37,018.92	0.08
Purchased Professional and Technical Services	4,500.00	12,936.08	17,436.08	17,436.08	
General Supplies	7,500.00	(4,163.95)	3,336.05	3,336.05	
Total Undist. Expend. - Care & Upkeep of Grounds	46,333.00	11,458.13	57,791.13	57,791.05	0.08
Undist. Expend. - Security:					
General Supplies	5,000.00	1,000.00	6,000.00	4,285.07	1,714.93
Total Undist. Expend. - Security:	5,000.00	1,000.00	6,000.00	4,285.07	1,714.93
Total Undist. Expend. - Oper. & Maint. of Plant Serv.	1,052,072.00	15,018.26	1,067,090.26	1,023,518.89	43,571.37
Undist. Expend. - Student Transportation Services:					
Contracted Services (Bet. Home & School) - Vendors	394,277.00	(24,898.00)	369,379.00	352,999.02	16,379.98
Contracted Services (Other Than Bet. Home & School) - Vendors	7,500.00		7,500.00	1,270.84	6,229.16
Contracted Services (Special Ed. Students) - Vendors	148,105.00	86,103.00	234,208.00	231,958.15	2,249.85
Contracted Services (Aid in Lieu Payments) - NonPublic School	7,500.00	898.00	8,398.00	8,398.00	
Supplies and Materials		3,000.00	3,000.00		3,000.00
Total Undist. Expend. - Student Transportation Services	557,382.00	65,103.00	622,485.00	594,626.01	27,858.99
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	182,000.00	(2,534.24)	179,465.76	150,968.79	28,496.97
Other Retirement Contributions - Regular	110,000.00	33,304.26	143,304.26	137,726.43	5,577.83
Unemployment Compensation		70,500.00	70,500.00	62,184.56	8,315.44
Workmen's Compensation	121,283.00	(2,748.00)	118,535.00	110,828.00	7,707.00
Health Benefits	2,276,058.00	(187,804.26)	2,088,253.74	2,028,190.88	60,062.86
Tuition Reimbursement	30,000.00	9,902.29	39,902.29	39,902.29	
Other Employee Benefits	14,250.00	69,409.23	83,659.23	78,902.50	4,756.73
Total Unallocated Benefits - Employee Benefits	2,733,591.00	(9,970.72)	2,723,620.28	2,608,703.45	114,916.83
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				388,674.00	(388,674.00)
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				18,299.00	(18,299.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				478,057.52	(478,057.52)
Total On-Behalf Contributions				885,030.52	(885,030.52)
Total Personal Services - Employee Benefits	2,733,591.00	(9,970.72)	2,723,620.28	3,493,733.97	(770,113.69)
Total Undistributed Expenditures	7,513,913.00	295,450.52	7,809,363.52	8,184,279.15	(374,915.63)
Total Expenditures - Current Expense	13,064,275.00	755,391.75	13,819,666.75	13,948,678.28	(129,011.53)
CAPITAL OUTLAY					
Interest Deposit To Capital Reserve	1.00	(1.00)			
Equipment:					
Undist. Expend. - Required Maintenance for School Facilities		27,156.00	27,156.00	25,638.00	1,518.00
Undist. Expend. - Custodial Services	7,450.00	(7,450.00)			
Total Equipment	7,450.00	19,706.00	27,156.00	25,638.00	1,518.00
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		23,500.00	23,500.00	23,500.00	
Construction Services	47,174.00	(5,506.00)	41,668.00	8,675.00	32,993.00
Other Objects		3,434.00	3,434.00	3,434.00	
Total Facilities Acquisition and Construction Services	47,174.00	21,428.00	68,602.00	35,609.00	32,993.00
Total Capital Outlay	54,625.00	41,133.00	95,758.00	61,247.00	34,511.00
Total Expenditures	13,118,900.00	796,524.75	13,915,424.75	14,009,925.28	(94,500.53)

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(210,000.00)	(796,524.75)	(1,006,524.75)	(3,477.22)	1,003,047.53
Fund Balances, July 1	<u>1,774,115.14</u>		<u>1,774,115.14</u>	<u>1,774,115.14</u>	
Fund Balances, June 30	<u>\$ 1,564,115.14</u>	<u>\$ (796,524.75)</u>	<u>\$ 767,590.39</u>	<u>\$ 1,770,637.92</u>	<u>\$ 1,003,047.53</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus – Current Year				\$ 278,453.87	
Maintenance Reserve				190,000.00	
Capital Reserve				454,272.11	
Emergency Reserve				100,000.00	
Assigned Fund Balance:					
Year-End Encumbrances				113,502.31	
Designated for Subsequent Year's Expenditures				225,000.00	
Unassigned Fund Balance				<u>409,409.63</u>	
				1,770,637.92	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>0.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,770,637.92</u>	

RUMSON SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Revenues:				
State Sources	\$ 116,617.00	\$ 116,617.00	\$ 116,617.00	
Federal Sources	<u>423,898.70</u>	<u>423,898.70</u>	<u>423,898.70</u>	
Total Revenues	<u>540,515.70</u>	<u>540,515.70</u>	<u>540,515.70</u>	
Expenditures:				
Instruction:				
Salaries of Teachers	21,267.00	21,267.00	21,267.00	
Other Instruction	23,002.00	43,002.00	43,002.00	
Purchased Professional and Tech. Services	136,068.11	136,068.11	136,068.11	
Other Purchased Services	40,296.00	40,296.00	40,296.00	
General Supplies	111,744.54	111,744.54	111,744.54	
Textbooks	<u>21,315.00</u>	<u>21,315.00</u>	<u>21,315.00</u>	
Total Instruction	<u>353,692.65</u>	<u>373,692.65</u>	<u>373,692.65</u>	
Support Services:				
Employee Benefits	3,276.72	3,276.72	3,276.72	
Purchased Professional Services	94,471.83	94,471.83	94,471.83	
Miscellaneous Expenditures	<u>69,074.50</u>	<u>69,074.50</u>	<u>69,074.50</u>	
Total Support Services	<u>166,823.05</u>	<u>166,823.05</u>	<u>166,823.05</u>	
Total Expenditures	<u>520,515.70</u>	<u>540,515.70</u>	<u>540,515.70</u>	
Total Outflows	<u>520,515.70</u>	<u>540,515.70</u>	<u>540,515.70</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RUMSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 14,006,448.06	\$ 540,515.70
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances		22,126.83
Current Year Encumbrances		(40,152.52)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	66,625.00	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,073,073.06	\$ 522,490.01
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 14,009,925.28	\$ 540,515.70
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		22,126.83
Current Year Encumbrances		(40,152.52)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,009,925.28	\$ 522,490.01

## OTHER SUPPLEMENTARY INFORMATION

## SPECIAL REVENUE FUND DETAIL STATEMENTS

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

RUMSON SCHOOL DISTRICT  
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	New Jersey Non-Public Aid						
	Initial Exam and Class	Exam and Class	Speech Correction	Suppl. Instruction	Comp. Education	Textbooks	Nursing
<u>Revenues</u>							
State Sources	\$ 17,849.00	\$ 6,393.00	\$ 11,891.00	\$ 12,646.00	\$ 21,267.00	\$ 21,315.00	\$ 25,256.00
Federal Sources							
<u>Total Revenues</u>	<u>\$ 17,849.00</u>	<u>\$ 6,393.00</u>	<u>\$ 11,891.00</u>	<u>\$ 12,646.00</u>	<u>\$ 21,267.00</u>	<u>\$ 21,315.00</u>	<u>\$ 25,256.00</u>
<u>Expenditures</u>							
Instruction:							
Salaries of Teachers					\$ 21,267.00		
Other Instruction							
Purchased Professional Tech. Services							
Other Purchased Services							
General Supplies							
Textbooks						\$ 21,315.00	
<u>Total Instruction</u>					<u>21,267.00</u>	<u>21,315.00</u>	
Support Services:							
Employee Benefits							\$ 25,256.00
Purchased Professional Services							
Miscellaneous Expenditures							
<u>Total Support Services</u>	<u>17,849.00</u>	<u>6,393.00</u>	<u>11,891.00</u>	<u>12,646.00</u>			<u>25,256.00</u>
<u>Total Expenditures</u>	<u>\$ 17,849.00</u>	<u>\$ 6,393.00</u>	<u>\$ 11,891.00</u>	<u>\$ 12,646.00</u>	<u>\$ 21,267.00</u>	<u>\$ 21,315.00</u>	<u>\$ 25,256.00</u>

RUMSON SCHOOL DISTRICT  
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	I.D.E.A. Part B Basic		A.R.R.A. I.D.E.A. Part B Basic		Title II NCLB	Totals
	Regular Program	Preschool	Regular Program	Preschool		
<u>Revenues</u>						
State Sources						\$ 116,617.00
Federal Sources	\$ 229,487.96	\$ 10,467.00	\$ 146,962.43	\$ 7,324.31	\$ 29,657.00	423,898.70
Total Revenues	\$ 229,487.96	\$ 10,467.00	\$ 146,962.43	\$ 7,324.31	\$ 29,657.00	\$ 540,515.70
<u>Expenditures</u>						
Instruction:						
Salaries of Teachers						\$ 21,267.00
Other Instruction			\$ 43,002.00			43,002.00
Purchased Professional Tech. Services	\$ 136,068.11					136,068.11
Other Purchased Services	10,296.00		30,000.00			40,296.00
General Supplies	23,477.35	\$ 10,467.00	64,784.92	\$ 7,324.31	\$ 5,690.96	111,744.54
Textbooks						21,315.00
Total Instruction	169,841.46	10,467.00	137,786.92	7,324.31	5,690.96	373,692.65
Support Services:						
Employee Benefits			3,276.72			3,276.72
Purchased Professional Services	39,351.00		5,898.79		23,966.04	94,471.83
Miscellaneous Expenditures	20,295.50					69,074.50
Total Support Services	59,646.50		9,175.51		23,966.04	166,823.05
Total Expenditures	\$ 229,487.96	\$ 10,467.00	\$ 146,962.43	\$ 7,324.31	\$ 29,657.00	\$ 540,515.70

CAPITAL PROJECTS FUND  
DETAIL STATEMENTS

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

## RUMSON SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

## SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the year ended June 30, 2011

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Expenditures To Date</u>		<u>Unexpended/ (Over Expended) Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovation of Deane-Porter School Roof	01/27/09	\$ 1,257,000.00	\$ 1,012,197.14	\$ 211,238.25	\$ 33,564.61
Renovation of Forrestdale School Science Laboratory	07/16/09	497,160.00	33,670.22	247,380.21	216,109.57
Gymnasium Lighting Replacement	07/16/09	<u>40,861.00</u>	<u>12,635.65</u>	<u>28,225.35</u>	<u>                    </u>
		<u>\$ 1,795,021.00</u>	<u>\$ 1,058,503.01</u>	<u>\$ 486,843.81</u>	<u>\$ 249,674.18</u>
Unearned NJSDA Revenue					<u>\$ (86,443.83)</u>
Balance to B-2					<u>\$ 163,230.35</u>

## RUMSON SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

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

For the year ended June 30, 2011

Revenues and Other Financing Sources:	
NJSDA Grant	\$ 110,241.82
Miscellaneous	<u>1,391.47</u>
Total Revenues	<u>111,633.29</u>
Expenditures and Other Financing Sources:	
Purchased Professional and Technical Services	6,035.78
Construction Services	<u>480,808.03</u>
Total Expenditures	<u>486,843.81</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(375,210.52)</u>
Other Financing Sources/(Uses):	
Transfer Out	<u>(1,391.47)</u>
Total Other Financing Sources/(Uses)	<u>(1,391.47)</u>
Net Change in Fund Balance	(376,601.99)
Fund Balance - July 1	<u>539,832.34</u>
Fund Balance - June 30	<u><u>\$ 163,230.35</u></u>

## RUMSON SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

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

## RENOVATION OF DEANE-PORTER SCHOOL ROOF

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 1,257,000.00	_____	\$ 1,257,000.00	\$ 1,257,000.00
Total Revenues	<u>1,257,000.00</u>	_____	<u>1,257,000.00</u>	<u>1,257,000.00</u>
Expenditures and Other Financing Sources:				
Purchased Professional and Technical Services	83,559.92	\$ 666.97	84,226.89	86,220.92
Construction Services	928,637.22	210,571.28	1,139,208.50	1,027,240.00
Equipment Purchases	_____	_____	_____	143,539.08
Total Expenditures	<u>1,012,197.14</u>	<u>211,238.25</u>	<u>1,223,435.39</u>	<u>1,257,000.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 244,802.86</u>	<u>\$ (211,238.25)</u>	<u>\$ 33,564.61</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Numbers	N/A			
Grant Date	N/A			
Bond Authorization Date	01/27/09			
Bonds Authorized	\$ 1,257,000.00			
Bonds Issued	1,257,000.00			
Original Authorization Cost	1,257,000.00			
Additional Authorization Cost	0.00			
Revised Authorization Cost	1,257,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	97.33%			
Original Target Completion Date	August, 2009			
Revised Target Completion Date	August, 2009			

## RUMSON SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

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

## RENOVATION OF FORRESTDAL E SCHOOL SCIENCE LABORATORY

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
NJSDA Grant	\$ 13,468.09	\$ 98,952.08	\$ 112,420.17	\$ 198,864.00
Donations	198,296.00		198,296.00	198,296.00
Bond Proceeds and Transfers	<u>100,000.00</u>		<u>100,000.00</u>	<u>100,000.00</u>
Total Revenues	<u>311,764.09</u>	<u>98,952.08</u>	<u>410,716.17</u>	<u>497,160.00</u>
Expenditures and Other Financing Sources:				
Purchased Professional and Technical Services	33,670.22	3,642.46	37,312.68	37,500.00
Construction Services		<u>243,737.75</u>	<u>243,737.75</u>	<u>459,660.00</u>
Total Expenditures	<u>33,670.22</u>	<u>247,380.21</u>	<u>281,050.43</u>	<u>497,160.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 278,093.87</u>	<u>\$ (148,428.13)</u>	<u>\$ 129,665.74</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Numbers	4570-050-09-0ZVE			
Grant Date	05/27/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorization Cost	497,160.00			
Additional Authorization Cost	0.00			
Revised Authorization Cost	497,160.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	56.53%			
Original Target Completion Date	August, 2010			
Revised Target Completion Date	August, 2010			

## RUMSON SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

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

## GYMNASIUM LIGHTING REPLACEMENT

From inception and for the year ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources:				
NJSDA Grant	\$ 5,054.26	\$ 11,289.74	\$ 16,344.00	\$ 16,344.00
Bond Proceeds and Transfers	<u>24,517.00</u>		<u>24,517.00</u>	<u>24,517.00</u>
Total Revenues	<u>29,571.26</u>	<u>11,289.74</u>	<u>40,861.00</u>	<u>40,861.00</u>
Expenditures and Other Financing Sources:				
Purchased Professional and Technical Services	12,635.65	1,726.35	14,362.00	14,000.00
Construction Services	<u>                    </u>	<u>26,499.00</u>	<u>26,499.00</u>	<u>26,861.00</u>
Total Expenditures	<u>12,635.65</u>	<u>28,225.35</u>	<u>40,861.00</u>	<u>40,861.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 16,935.61</u>	<u>\$ (16,935.61)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

## Additional Project Information:

Project Numbers	4570-040-09-0ZVD and 4570-050-09-0ZVF
Grant Date	05/27/2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	40,861.00
Additional Authorization Cost	0.00
Revised Authorization Cost	40,861.00

## Percentage Increase over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	November, 2010
Revised Target Completion Date	November, 2010

PROPRIETARY FUND  
DETAIL STATEMENTS

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

FOOD SERVICE FUND

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

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

FIDUCIARY FUNDS  
DETAIL STATEMENTS

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

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

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

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

## RUMSON SCHOOL DISTRICT

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund	Totals
Assets:				
Cash and Cash Equivalents	\$ 106,425.63	\$ 148,920.51	\$ 247,024.61	\$ 502,370.75
Total Assets	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>	<u>\$ 247,024.61</u>	<u>\$ 502,370.75</u>
Liabilities:				
Payable To Student Groups			\$ 58,512.27	\$ 58,512.27
Payroll Deductions and Withholdings			188,512.34	188,512.34
Total Liabilities			<u>247,024.61</u>	<u>247,024.61</u>
Net Assets:				
Held in Trust for Unemployment Claims and Other Purposes	\$ 106,425.63			106,425.63
Reserved for Scholarships		\$ 148,920.51		148,920.51
Total Net Assets	<u>106,425.63</u>	<u>148,920.51</u>		<u>255,346.14</u>
Total Liabilities and Net Assets	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>	<u>\$ 247,024.61</u>	<u>\$ 502,370.75</u>

## RUMSON SCHOOL DISTRICT

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Totals
Additions:			
Contributions:			
Plan Members	\$ 20,165.68		\$ 20,165.68
Board Contribution	62,184.56		62,184.56
Other		\$ 198,598.09	198,598.09
	<u>82,350.24</u>	<u>198,598.09</u>	<u>280,948.33</u>
Total Contributions			
Investment Earnings:			
Interest	173.71		173.71
	<u>173.71</u>		<u>173.71</u>
Net Investment Earnings			
	<u>173.71</u>		<u>173.71</u>
Total Additions	<u>82,523.95</u>	<u>198,598.09</u>	<u>281,122.04</u>
Deductions:			
Quarterly Contribution Reports	9,351.08		9,351.08
Unemployment Claims	88,818.39		88,818.39
Scholarships Awarded		113,241.53	113,241.53
	<u>98,169.47</u>	<u>113,241.53</u>	<u>211,411.00</u>
Total Deductions			
Change in Net Assets	(15,645.52)	85,356.56	69,711.04
Net Assets - Beginning of Year	<u>122,071.15</u>	<u>63,563.95</u>	<u>185,635.10</u>
Net Assets - End of Year	<u>\$ 106,425.63</u>	<u>\$ 148,920.51</u>	<u>\$ 255,346.14</u>

RUMSON SCHOOL DISTRICT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2011

	Balance July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2011</u>
Elementary Schools:				
Forrestdale	\$ 63,763.05	\$ 127,975.19	\$ 136,921.11	\$ 54,817.13
Deane-Porter	<u>3,968.08</u>	<u>13,280.94</u>	<u>13,553.88</u>	<u>3,695.14</u>
Total Assets	<u>\$ 67,731.13</u>	<u>\$ 141,256.13</u>	<u>\$ 150,474.99</u>	<u>\$ 58,512.27</u>

## RUMSON SCHOOL DISTRICT

## PAYROLL AGENCY FUND

## SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2011

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
<u>Assets</u>				
Cash	<u>\$ 172,337.24</u>	<u>\$ 3,807,455.17</u>	<u>\$ 3,791,280.07</u>	<u>\$ 188,512.34</u>
Total Assets	<u>\$ 172,337.24</u>	<u>\$ 3,807,455.17</u>	<u>\$ 3,791,280.07</u>	<u>\$ 188,512.34</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	<u>\$ 172,337.24</u>	<u>\$ 3,807,455.17</u>	<u>\$ 3,791,280.07</u>	<u>\$ 188,512.34</u>
Total Liabilities	<u>\$ 172,337.24</u>	<u>\$ 3,807,455.17</u>	<u>\$ 3,791,280.07</u>	<u>\$ 188,512.34</u>

## LONG-TERM DEBT SCHEDULES

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

RUMSON SCHOOL DISTRICT  
STATEMENT OF SERIAL BONDS

June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011	
			Date	Amount					
Renovations and Improvements	04/01/03	\$ 6,282,000.00	09/01/11	\$ 175,000.00	3.750%				
			09/01/12	200,000.00	3.750%				
			09/01/13	225,000.00	3.750%				
			09/01/14	275,000.00	3.800%				
			09/01/15	300,000.00	3.800%				
			09/01/16	325,000.00	3.800%				
			09/01/17	375,000.00	3.800%				
			09/01/18	675,000.00	3.800%				
			09/01/19	725,000.00	3.850%				
			09/01/20	750,000.00	3.950%				
			09/01/21	775,000.00	4.050%				
			09/01/22	782,000.00	4.100%	\$ 5,732,000.00	\$ 150,000.00	\$ 5,582,000.00	
Refunding School Bonds	08/15/08	2,745,000.00	05/01/12	90,000.00	3.250%				
			05/01/12	190,000.00	4.250%				
			05/01/13	280,000.00	3.250%				
			05/01/14	265,000.00	5.000%				
			05/01/15	265,000.00	3.625%				
			05/01/16	260,000.00	3.750%				
			05/01/17	255,000.00	5.000%				
			05/01/18	245,000.00	5.000%	2,135,000.00	285,000.00	1,850,000.00	
	New Roof	05/19/09	1,257,000.00	02/01/12	70,000.00	4.000%			
				02/01/2013-14	75,000.00	4.000%			
				02/01/15	80,000.00	4.000%			
				02/01/2016-17	85,000.00	4.000%			
			02/01/18	90,000.00	4.000%				
			02/01/19	95,000.00	4.000%				
			02/01/20	100,000.00	4.000%				
			02/01/21	100,000.00	4.125%				
			02/01/22	105,000.00	4.125%				
			02/01/23	110,000.00	4.125%				
			02/01/24	117,000.00	4.125%	1,257,000.00	70,000.00	1,187,000.00	
						\$ 9,124,000.00	\$ 505,000.00	\$ 8,619,000.00	

RUMSON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND

For the fiscal year ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final To Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 731,047.00	\$ _____	\$ 731,047.00	\$ 731,047.00	_____
	<u>731,047.00</u>	<u>_____</u>	<u>731,047.00</u>	<u>731,047.00</u>	<u>_____</u>
State Sources:					
Debt Service Aid - Type II	133,365.00	_____	133,365.00	133,365.00	_____
<b>Total Revenues</b>	<u>864,412.00</u>	<u>_____</u>	<u>864,412.00</u>	<u>864,412.00</u>	<u>_____</u>
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	361,038.00	0.26	361,038.26	361,038.26	_____
Redemption of Principal	505,000.00	_____	505,000.00	505,000.00	_____
<b>Total Regular Debt Service</b>	<u>866,038.00</u>	<u>0.26</u>	<u>866,038.26</u>	<u>866,038.26</u>	<u>_____</u>
<b>Total Expenditures</b>	<u>866,038.00</u>	<u>0.26</u>	<u>866,038.26</u>	<u>866,038.26</u>	<u>_____</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(1,626.00)</u>	<u>(0.26)</u>	<u>(1,626.26)</u>	<u>(1,626.26)</u>	<u>_____</u>
Other Financial Sources/(Uses):					
Operating Transfer In	_____	_____	_____	1,391.47	\$ 1,391.47
<b>Total Other Financial Sources/(Uses)</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>1,391.47</u>	<u>1,391.47</u>
Excess/(Deficiency) of Revenues and Other and Other Financial Sources Over/ (Under) Expenditures	<u>(1,626.00)</u>	<u>(0.26)</u>	<u>(1,626.26)</u>	<u>(234.79)</u>	<u>1,391.47</u>
Fund Balance, July 1	<u>1,625.57</u>	<u>_____</u>	<u>1,625.57</u>	<u>5,685.45</u>	<u>4,060.10</u>
Fund Balance, June 30	<u>\$ (0.43)</u>	<u>\$ 0.00</u>	<u>\$ (0.69)</u>	<u>\$ 5,450.66</u>	<u>\$ 5,451.57</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures: Budgeted Fund Balance	<u>\$ (1,626.00)</u>	<u>\$ (0.26)</u>	<u>\$ (1,626.26)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

RUMSON SCHOOL DISTRICT

NET ASSETS BY COMPONENT

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

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Government Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 708,900.55	\$ 3,923,766.10	\$ 3,993,970.16	\$ 4,974,188.28	\$ 4,895,332.28	\$ 4,654,657.95	\$ 5,678,994.61	\$ 6,301,896.42
Restricted	4,187,498.11	2,241,637.03	1,487,102.66	472,323.32	361,397.65	2,092,490.50	1,954,524.66	1,529,909.30
Unrestricted	(64,716.46)	(102,811.76)	(271,939.77)	(239,780.93)	(51,440.57)	(17,944.11)	4,823.85	185,970.48
<b>Total Government Activities Net Assets</b>	<b>\$ 4,831,682.20</b>	<b>\$ 6,062,591.37</b>	<b>\$ 5,209,133.05</b>	<b>\$ 5,206,730.67</b>	<b>\$ 5,205,289.36</b>	<b>\$ 6,729,204.34</b>	<b>\$ 7,638,343.12</b>	<b>\$ 8,017,776.20</b>
<b>Business-Type Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 3,276.19	\$ 8,893.86	\$ 14,446.95	\$ 20,679.77	\$ 49,048.25	\$ 89,126.00	\$ 78,420.00	\$ 67,714.00
Unrestricted					31,068.80	28,189.34	29,876.82	47,488.31
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 3,276.19</b>	<b>\$ 8,893.86</b>	<b>\$ 14,446.95</b>	<b>\$ 20,679.77</b>	<b>\$ 80,117.05</b>	<b>\$ 117,315.34</b>	<b>\$ 108,296.82</b>	<b>\$ 115,202.31</b>
<b>District-wide:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 708,900.55	\$ 3,923,766.10	\$ 3,993,970.16	\$ 4,974,188.28	\$ 4,944,380.53	\$ 4,743,783.95	\$ 5,757,414.61	\$ 6,369,610.42
Restricted	4,187,498.11	2,241,637.03	1,487,102.66	472,323.32	361,397.65	2,092,490.50	1,954,524.66	1,529,909.30
Unrestricted	(61,440.27)	(93,917.90)	(257,492.82)	(219,101.16)	(20,371.77)	10,245.23	34,700.67	237,656.22
<b>Total District Net Assets</b>	<b>\$ 4,834,958.39</b>	<b>\$ 6,071,485.23</b>	<b>\$ 5,223,580.00</b>	<b>\$ 5,227,410.44</b>	<b>\$ 5,285,406.41</b>	<b>\$ 6,846,519.68</b>	<b>\$ 7,746,639.94</b>	<b>\$ 8,137,175.94</b>

RUMSON SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>								
Governmental Activities:								
Instruction:								
Regular	\$ (5,275,401.84)	\$ (5,817,460.48)	\$ (6,273,978.51)	\$ (6,695,245.16)	\$ (6,854,858.94)	\$ (6,487,117.15)	\$ (6,784,928.93)	\$ (7,230,472.88)
Special Education	(926,017.32)	(1,112,985.82)	(1,382,584.94)	(1,331,510.06)	(1,691,691.17)	(1,708,051.53)	(1,493,807.84)	(1,671,371.00)
Other Special Education	(30,054.56)	(139,074.74)	(112,617.36)	(105,368.62)	(113,937.79)	(108,124.86)	(108,827.38)	(70,066.70)
Other Instruction	(95,230.32)	(109,296.70)	(113,529.18)	(114,944.03)	(57,975.28)	(68,893.50)	(62,362.45)	(53,319.58)
Support Services:								
Tuition	(276,410.31)	(457,354.24)	(365,057.23)	(213,610.00)	(193,168.64)	(263,496.93)	(359,496.27)	(554,430.33)
Student and Instruction Related Services	(1,401,205.01)	(1,375,620.72)	(1,432,082.94)	(1,847,500.11)	(1,907,388.96)	(1,735,785.73)	(1,971,520.19)	(1,744,226.27)
School Administrative Services	(740,324.72)	(637,313.21)	(723,182.46)	(549,577.30)	(630,617.62)	(639,639.88)	(631,567.89)	(659,607.37)
General Administration	(669,863.06)	(868,963.55)	(833,851.23)	(702,135.40)	(518,702.29)	(473,475.34)	(575,132.70)	(488,448.57)
Central Services				(269,701.72)	(273,437.20)	(300,995.18)	(297,474.18)	(325,811.47)
Administrative Information Technology				(66,673.86)	(101,871.36)	(112,622.38)	(113,406.84)	(126,386.35)
Plant Operations and Maintenance	(926,302.59)	(1,030,016.83)	(1,243,814.32)	(1,230,460.89)	(1,249,234.52)	(1,242,920.03)	(1,302,814.92)	(1,316,259.03)
Pupil Transportation	(402,363.29)	(391,254.91)	(531,919.36)	(518,578.74)	(503,718.14)	(513,302.60)	(540,902.03)	(594,626.01)
Unallocated Depreciation and Amortization	(26,583.00)							
Interest on Long-Term Debt	(439,040.01)	(428,210.00)	(412,512.50)	(395,643.13)	(379,242.50)	(307,874.09)	(372,900.57)	(357,149.72)
<b>Total Governmental Activities Expenses</b>	<b>(11,208,596.03)</b>	<b>(12,367,553.20)</b>	<b>(13,425,130.03)</b>	<b>(14,040,970.02)</b>	<b>(14,455,844.43)</b>	<b>(13,972,489.20)</b>	<b>(14,605,141.19)</b>	<b>(15,192,175.28)</b>
Business-Type Activities:								
Food Service	(8,113.98)	(5,434.11)	(6,880.87)	(6,581.15)	(344,037.48)	(275,796.52)	(286,413.35)	(257,664.94)
Rumson After School Academy		(42,083.00)	(40,878.00)	(42,026.00)	(31,165.80)	(30,259.50)	(26,574.50)	(54,765.00)
<b>Total Business-Type Activities Expenses</b>	<b>(8,113.98)</b>	<b>(47,517.11)</b>	<b>(47,758.87)</b>	<b>(50,607.15)</b>	<b>(375,203.28)</b>	<b>(306,056.02)</b>	<b>(332,987.85)</b>	<b>(312,429.94)</b>
<b>Total District Expenses</b>	<b>\$ (11,216,710.01)</b>	<b>\$ (12,415,070.31)</b>	<b>\$ (13,472,888.90)</b>	<b>\$ (14,091,577.17)</b>	<b>\$ (14,831,047.71)</b>	<b>\$ (14,278,555.22)</b>	<b>\$ (14,898,129.04)</b>	<b>\$ (15,504,605.22)</b>
<b>Program Revenues:</b>								
Governmental Activities:								
Charges for Services:								
Instruction (Tuition)	\$ 159,823.45	\$ 189,282.00	\$ 185,820.00	\$ 191,150.90	\$ 179,590.00	\$ 209,366.81	\$ 23,514.00	\$ 64,170.00
Operating Grants and Contributions	1,213,624.82	1,361,366.00	1,858,200.00	1,911,500.00	1,795,900.00	2,093,666.81	2,277,986.00	140,069.73
Capital Grants and Contributions			185,820.00	191,150.90	179,590.00	209,366.81	216,818.35	110,241.82
<b>Total Governmental Activities Program Revenues</b>	<b>1,373,448.27</b>	<b>1,550,648.00</b>	<b>1,858,200.00</b>	<b>1,911,500.90</b>	<b>1,795,900.00</b>	<b>2,093,666.81</b>	<b>488,128.35</b>	<b>314,481.55</b>
Business-Type Activities:								
Charges for Services:								
Food Service	5,554.75	6,744.75	7,758.64	9,676.25	350,829.76	261,726.33	257,228.00	264,451.00
Rumson After-School Academy	2,791.80	4,236.02	4,426.13	4,630.57	31,165.80	30,259.50	26,574.50	54,765.00
Operating Grants and Contributions				50,792.25				
Capital Grants and Contributions								
<b>Total Business-Type Activities Program Revenues</b>	<b>8,346.55</b>	<b>53,063.77</b>	<b>53,062.77</b>	<b>56,332.82</b>	<b>432,787.81</b>	<b>291,985.83</b>	<b>283,802.50</b>	<b>319,216.00</b>
<b>Total District Program Revenues</b>	<b>\$ 1,381,794.82</b>	<b>\$ 1,603,711.77</b>	<b>\$ 238,882.77</b>	<b>\$ 247,833.72</b>	<b>\$ 612,377.81</b>	<b>\$ 501,352.64</b>	<b>\$ 751,930.85</b>	<b>\$ 633,697.55</b>

RUMSON SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue:								
Governmental Activities	\$ (9,835,147.76)	\$ (10,816,905.20)	\$ (13,239,310.03)	\$ (13,849,819.12)	\$ (14,276,254.43)	\$ (13,763,132.39)	\$ (14,137,012.84)	\$ (14,877,693.73)
Business-Type Activities	232.57	5,546.66	5,303.90	5,725.67	57,584.93	(14,070.19)	(9,185.35)	6,786.06
Total District-wide Net (Expense)/Revenue	\$ (9,834,915.19)	\$ (10,811,358.54)	\$ (13,234,006.13)	\$ (13,844,093.45)	\$ (14,218,669.90)	\$ (13,777,202.58)	\$ (14,146,198.19)	\$ (14,870,907.67)
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 9,173,320.00	\$ 9,589,523.00	\$ 9,978,373.02	\$ 10,695,140.00	\$ 11,287,723.00	\$ 11,689,061.00	\$ 12,357,424.22	\$ 12,851,720.00
Taxes Levied for Debt Service	686,370.00	646,907.00	634,688.00	647,001.00	488,472.00	654,813.00	670,163.78	731,047.00
Unrestricted Grants and Contributions	1,693,924.42	1,740,248.87	1,835,521.22	2,294,725.78	2,419,309.19	2,019,560.53	1,978,150.65	1,617,786.53
Investment Earnings	90,694.05	62,289.55	101,697.98	86,319.23	75,311.65	16,882.66	13,497.26	8,262.19
Miscellaneous Income	496.25	8,845.95	19,164.27	124,230.73	38,328.35	50,167.57	26,915.71	48,311.09
Total Governmental Activities	11,644,804.72	12,047,814.37	12,569,444.49	13,847,416.74	14,309,144.19	14,430,284.76	15,046,151.62	15,257,126.81
Business-Type Activities:								
Investment Earnings	24.29	71.01	249.19	507.15	1,852.75	482.73	166.83	119.43
Total Business-Type Activities	24.29	71.01	249.19	507.15	1,852.75	482.73	166.83	119.43
Total District-wide	\$ 11,644,829.01	\$ 12,047,885.38	\$ 12,569,693.68	\$ 13,847,923.89	\$ 14,310,996.94	\$ 14,430,767.49	\$ 15,046,318.45	\$ 15,257,246.24
Changes in Net Assets:								
Governmental Activities	\$ 1,809,656.96	\$ 1,230,909.17	\$ (669,865.64)	\$ (2,402.38)	\$ 32,889.76	\$ 667,152.37	\$ 909,138.78	\$ 379,433.08
Business-Type Activities	256.86	5,617.67	5,553.09	6,232.82	59,437.28	(13,587.46)	(9,018.52)	6,905.49
Total District	\$ 1,809,913.82	\$ 1,236,526.84	\$ (664,312.45)	\$ 3,830.44	\$ 92,327.04	\$ 653,564.91	\$ 900,120.26	\$ 386,338.57

RUMSON SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST EIGHT FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 535,571.11	\$ 550,472.77	\$ 129,998.49	\$ 47,003.66	\$ 145,386.86	\$ 839,585.76	\$ 1,376,153.07	\$ 1,022,725.98
Unreserved	267,034.96	119,100.16	188,313.79	337,443.39	470,351.73	358,788.11	331,337.07	338,502.31
Restricted								409,409.63
Assigned								
Unassigned								
<b>Total General Fund</b>	<b>\$ 802,606.07</b>	<b>\$ 669,572.93</b>	<b>\$ 318,312.28</b>	<b>\$ 384,447.05</b>	<b>\$ 615,738.59</b>	<b>\$ 1,198,373.87</b>	<b>\$ 1,707,490.14</b>	<b>\$ 1,770,637.92</b>
All Other Governmental Funds:								
Reserved	\$ 2,935,874.84	\$ 1,567,634.59	\$ 1,190,678.87			\$ 6,674.17	\$ 392,170.13	
Unreserved, Reported In:								
Capital Projects Fund	610,246.76			\$ 108,551.37	\$ 54,803.93	1,182,321.70	147,662.21	
Debt Service Fund	105,805.40	123,529.67	166,425.30	176,685.29	11,206.86	16,698.57	5,685.45	
Restricted For:								
Capital Projects Fund								\$ 108,564.81
Debt Service Fund								1,391.47
Committed:								
Capital Projects Fund								54,665.54
Debt Service Fund								4,059.19
<b>Total All Other Governmental Funds</b>	<b>\$ 3,651,927.00</b>	<b>\$ 1,691,164.26</b>	<b>\$ 1,357,104.17</b>	<b>\$ 285,236.66</b>	<b>\$ 66,010.79</b>	<b>\$ 1,205,694.44</b>	<b>\$ 545,517.79</b>	<b>\$ 168,681.01</b>

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

	2002*	2003*	2004*	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tax Levy	\$ 8,528,814.00	\$ 9,057,630.00	\$ 9,173,320.00	\$ 10,236,430.00	\$ 10,613,051.02	\$ 11,342,141.00	\$ 11,776,195.00	\$ 12,343,874.00	\$ 13,027,588.00	\$ 13,582,767.00
Tuition Charges	60,048.59	38,837.32	17,720.90	53,411.73	68,802.35	76,059.48	75,311.65	23,682.86	23,514.00	64,170.00
Interest Earnings	1,218,626.81	1,428,430.36	1,642,230.87	1,727,027.68	1,785,978.63	1,933,385.57	25,879.35	23,338.57	225,211.71	8,262.19
Miscellaneous	189,652.85	182,527.88	211,265.00	202,503.19	225,352.59	284,819.84	2,365,070.28	1,886,315.79	1,840,515.21	48,311.09
State Sources							230,586.71	342,611.55	363,953.79	413,190.01
Federal Sources										
<b>Total Revenues</b>	<b>9,977,352.05</b>	<b>10,699,425.56</b>	<b>11,044,536.77</b>	<b>12,219,372.60</b>	<b>12,712,368.66</b>	<b>14,028,307.90</b>	<b>14,485,492.06</b>	<b>14,646,651.57</b>	<b>15,514,279.97</b>	<b>15,971,608.36</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	3,724,516.91	3,568,286.21	3,581,240.04	4,178,066.25	3,960,111.77	4,268,752.10	4,223,132.66	4,143,870.98	4,263,165.32	4,652,972.85
Special	636,346.91	645,962.95	686,896.18	820,571.50	737,746.45	608,321.57	952,509.55	1,129,870.53	898,102.37	998,708.70
Other	47,900.00	39,302.25	30,054.56	92,868.63	100,628.30	97,360.61	104,358.30	100,907.77	101,363.17	63,011.59
School-Sponsored/Other Instructional	74,411.63	65,706.44	95,230.32	99,489.00	107,432.91	110,861.39	53,088.71	65,196.94	47,010.22	48,705.99
<b>Community Services</b>										
Undistributed:										
Speech	20,684.15	26,213.28	50,155.41	87,368.16	189,647.42	201,313.94	159,719.87	119,259.24	58,545.86	203,969.55
Extraordinary	27,434.26	56,207.24	31,473.45	48,360.30	48,360.30	151,729.60	87,461.00	43,099.00	294,417.79	46,071.46
Staff Training	45,111.98	47,542.56	85,278.00	63,570.13	49,355.31	48,176.46	56,497.33	57,529.07	63,282.55	359,495.27
Instruction	42,866.80	92,981.30	276,410.31	457,554.24	365,037.23	213,610.00	193,168.64	263,496.93	359,495.27	997,248.68
Support Services - Students	453,145.42	455,846.14	303,732.44	571,268.61	786,709.00	1,108,535.23	1,152,382.73	1,020,014.13	944,299.60	69,065.21
Support Services - Instructional Staff	215,277.93	230,369.63	369,890.41	369,890.41	166,909.79	73,044.81	86,044.65	85,105.05	91,271.12	382,549.99
General Administration	302,985.25	319,398.87	371,062.78	382,817.96	692,460.69	383,148.74	422,615.88	441,850.49	474,964.10	446,352.22
School Administrative Services	408,374.13	430,000.75	494,140.07	463,237.89	479,141.75	211,902.32	233,289.36	258,604.90	249,325.27	272,821.48
Central Services										
Admin Information Technology	801,157.84	705,988.77	768,638.83	914,236.63	999,763.87	1,006,226.41	1,030,835.43	1,023,735.51	1,029,101.55	99,891.36
Plant Operations and Maintenance	347,208.77	408,799.67	402,363.29	391,254.91	531,919.36	518,578.74	503,718.14	513,302.60	544,866.53	1,023,518.89
Pupil Transportation	1,451,309.61	2,049,473.17	1,915,213.63	1,873,096.40	1,825,494.02	1,930,318.42	2,084,353.82	2,210,706.28	2,570,878.70	594,626.01
Business and Other Support Services										
On-Behalf TPAF Pension Contributions										
Reimbursed TPAF Social Security										
Contributions	342,939.96	356,044.86	366,162.72	402,326.48	419,278.63	439,827.28	447,314.56	437,201.98	450,088.97	478,057.52
Capital Outlay	86,564.28	26,810.10	32,838.71	28,872.54	30,701.12	26,950.62	100,842.63	33,821.00	53,971.78	61,247.00
Special Revenue	366,893.88	361,660.38	365,650.15	363,561.59	363,561.59	433,859.49	399,702.77	479,284.55	519,278.68	522,460.01
<b>Debt Service:</b>										
Principal	280,000.00	300,000.00	300,000.00	335,000.00	335,000.00	360,000.00	385,000.00	450,000.00	435,000.00	505,000.00
Interest and Other Charges	230,198.00	215,363.00	443,600.00	430,982.50	415,285.00	399,118.75	382,015.00	309,238.53	360,804.76	361,038.26
<b>Total Expenditures</b>	<b>9,905,347.71</b>	<b>10,642,338.77</b>	<b>11,413,029.73</b>	<b>12,352,405.24</b>	<b>13,063,629.51</b>	<b>13,962,172.88</b>	<b>14,419,678.95</b>	<b>14,058,524.58</b>	<b>14,674,841.47</b>	<b>15,398,453.55</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>72,004.34</b>	<b>57,086.79</b>	<b>(388,492.96)</b>	<b>(133,032.64)</b>	<b>(351,260.85)</b>	<b>66,135.02</b>	<b>66,813.11</b>	<b>588,126.99</b>	<b>839,438.50</b>	<b>173,154.81</b>
<b>Other Financing Sources/(Uses):</b>										
Proceeds From Borrowing								1,257,000.00		
Capital Leases (Non-Budgeted)								2,847,224.45		
Proceeds From Refunding								(2,847,224.45)		
Payments To Escrow Agent								1,604.72		
Transfers In								4,426.57		
Transfers Out								(3,480.00)		
<b>Total Other Financing Sources/(Uses)</b>	<b>72,004.34</b>	<b>57,086.79</b>	<b>(388,492.96)</b>	<b>(133,032.64)</b>	<b>(351,260.85)</b>	<b>66,135.02</b>	<b>66,813.11</b>	<b>588,126.99</b>	<b>839,438.50</b>	<b>173,154.81</b>
<b>Net Change in Fund Balances</b>	<b>\$ 72,004.34</b>	<b>\$ 57,086.79</b>	<b>\$ (295,023.86)</b>	<b>\$ (115,308.87)</b>	<b>\$ (308,365.02)</b>	<b>\$ 76,384.76</b>	<b>\$ 66,759.68</b>	<b>\$ 1,846,731.71</b>	<b>\$ 839,438.50</b>	<b>\$ 173,154.81</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.20%	4.85%	6.53%	6.22%	5.76%	5.45%	5.36%	5.41%	5.44%	5.65%
<b>Sources:</b> District records										

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Annual</u> <u>Totals</u>
2002	\$ 40,424.09	\$ 3,135.03	\$ 16,489.47		\$ 60,048.59
2003	8,278.80	10,500.00	20,058.52		38,837.32
2004		496.25	17,224.65		17,720.90
2005	5,135.00	2,178.60	44,565.78	\$ 1,532.35	53,411.73
2006	6,280.50	12,883.77	58,802.35		77,966.62
2007	10,771.00	113,459.73	76,059.49		200,290.22
2008	12,449.00	25,879.35	75,311.65		113,640.00
2009	26,829.00	23,338.57	23,682.66		73,850.23
2010	23,514.00	26,915.71	9,837.40		60,267.11
2011	64,170.00	48,311.09	6,870.72		119,351.81

Source: District records

## REVENUE CAPACITY INFORMATION



RUMSON SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year Ending June 30,	Rumson School District Direct Rate										Total Direct and Overlapping		
	Basic Rate <sup>a</sup>		General Obligation Debt Service <sup>b</sup>		(From J-6) Total Direct School Tax Rate		Total Direct Regional High School Tax Rate		Monmouth County		Tax Rate		
	Rumson	Borough	Rumson	Borough	Rumson	Borough	Rumson	Borough	Rumson	Borough	Rumson	Borough	
2002	No debt service tax levy during these years. See total direct School tax rate.				0.846		0.629		0.524		0.635		2.634
2003					0.889		0.680		0.544		0.698		2.811
2004					0.951		0.725		0.604		0.767		3.047
2005	0.2938		0.016		0.373		0.314		0.260		0.308		1.255
2006	0.3191		0.017		0.382		0.336		0.281		0.324		1.323
2007	0.2675		0.014		0.402		0.347		0.281		0.328		1.358
2008	0.3434		0.018		0.410		0.366		0.281		0.332		1.389
2009	N/A		N/A		0.441		0.361		0.302		0.327		1.431
2010	N/A		N/A		0.458		0.381		0.323		0.328		1.490
2011	N/A		N/A		0.468		0.379		0.332		0.329		1.508

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.  
b Rates for debt service are based on each year's requirements.

RUMSON SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (UNAUDITED)

RUMSON BOROUGH

	2011			2002		
	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer 1	\$ 28,346,300	1	0.0096	\$ 11,056,500	1	0.0108
Taxpayer 2	12,161,500	2	0.0041	4,322,700	2	0.0042
Taxpayer 3	10,501,300	3	0.0036	3,050,300	3	0.0030
Taxpayer 4	9,499,200	4	0.0032	2,692,600	4	0.0026
Taxpayer 5	8,000,000	5	0.0027	2,656,000	5	0.0026
Taxpayer 6	7,100,000	6	0.0024	2,641,500	6	0.0026
Taxpayer 7	6,931,300	7	0.0023	2,583,000	7	0.0025
Taxpayer 8	6,450,000	8	0.0022	2,447,500	8	0.0024
Taxpayer 9	6,436,000	9	0.0022	2,418,800	9	0.0024
Taxpayer 10	<u>6,325,000</u>	10	<u>0.0021</u>	<u>2,413,800</u>	10	<u>0.0024</u>
Total	<u>\$ 101,750,600</u>		<u>0.0344</u>	<u>\$ 36,282,700</u>		<u>0.0355</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2002	\$ 8,528,814	\$ 8,528,814	100.00%	-
2003	9,057,630	9,057,630	100.00%	-
2004	9,173,320	9,173,320	100.00%	-
2005	10,236,430	10,236,430	100.00%	-
2006	10,613,061	10,613,061	100.00%	-
2007	11,342,141	11,342,141	100.00%	-
2008	11,776,195	11,776,195	100.00%	-
2009	12,343,874	12,343,874	100.00%	-
2010	13,027,588	13,027,588	100.00%	-
2011	13,582,768	13,582,768	100.00%	-

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

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

## DEBT CAPACITY INFORMATION

RUMSON SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
(UNAUDITED)

RUMSON BOROUGH

Fiscal Year Ending June 30,	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Anticipation Notes (BANS)	Capital Leases					
2002	\$ 4,478,000.00						\$ 4,478,000.00	0.015	\$ 631.15	
2003	4,178,000.00						4,178,000.00	0.014	581.33	
2004	10,160,000.00						10,160,000.00	0.030	1,399.83	
2005	9,825,000.00						9,825,000.00	0.028	1,358.36	
2006	9,490,000.00						9,490,000.00	0.026	1,319.15	
2007	9,130,000.00						9,130,000.00	N/A	N/A	
2008	8,745,000.00						8,745,000.00	N/A	N/A	
2009	9,559,000.00						9,559,000.00	N/A	N/A	
2010	9,124,000.00						9,124,000.00	N/A	N/A	
2011	8,619,000.00						8,619,000.00	N/A	N/A	

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

Note: 2004 is the latest census data available.

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

b Includes Early Retirement Incentive Plan ("ERIP") refunding

N/A At the time of CAFR completion, this information was not yet available

## RUMSON SCHOOL DISTRICT

## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Net Valuation Taxable
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 4,478,000.00	None	\$ 4,478,000.00	0.444%	\$ 1,008,475,703
2003	4,178,000.00	None	4,178,000.00	0.410%	1,019,201,192
2004	10,160,000.00	None	10,160,000.00	0.980%	1,036,473,658
2005	9,825,000.00	None	9,825,000.00	0.358%	2,743,977,511
2006	9,490,000.00	None	9,490,000.00	0.342%	2,777,584,506
2007	9,130,000.00	None	9,130,000.00	0.323%	2,825,428,038
2008	8,745,000.00	None	8,745,000.00	0.301%	2,906,237,714
2009	9,559,000.00	None	9,559,000.00	0.323%	2,957,460,328
2010	9,124,000.00	None	9,124,000.00	0.307%	2,968,305,907
2011	8,619,000.00	None	8,619,000.00	0.292%	2,956,695,866

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

See Exhibit NJ J-6 for property tax data.  
Population data can be found in Exhibit NJ J-14.

RUMSON SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011  
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Rumson Borough	\$ 17,171,001.52	100.00%	\$ 17,171,001.52
Monmouth County General Obligation Debt:			
Rumson Borough	488,135,114.61	2.883467	<u>14,075,216.71</u>
Other Debt: Information not available for Municipal Water Authority			31,246,218.23
Rumson School District Direct Debt			<u>8,619,000.00</u>
Total Direct and Overlapping Debt			<u>\$ 39,865,218.23</u>

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

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

RUMSON SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(UNAUDITED)

	Rumson Borough	Fiscal Year												
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011			
Legal Debt Margin Calculation for Fiscal Year 2011														
Equalized Valuation Basis														
2010	\$ 3,491,528,013													
2009	3,608,635,942													
2008	<u>3,696,738,738</u>													
(A)	<u>\$ 10,796,902,693</u>													
Average Equalized Valuation of Taxable Property	\$ 3,598,967,564													
(A/3)														
Debt Limit (3% of Average Equalization Value)	107,969,027 <sup>a</sup>													
Total Net Debt Applicable To Limit	<u>8,619,000</u>													
(B)														
(C)														
Legal Debt Margin	<u>\$ 99,350,027</u>													
(B-C)														
Debt Limit	\$ 45,299,075	\$ 51,848,174	\$ 57,220,645	\$ 67,881,259	\$ 79,879,786									
Total Net Debt Applicable To Limit	<u>4,478,000</u>	<u>4,178,000</u>	<u>10,160,000</u>	<u>9,825,000</u>	<u>9,490,000</u>									
Legal Debt Margin	<u>\$ 40,821,075</u>	<u>\$ 47,670,174</u>	<u>\$ 47,060,645</u>	<u>\$ 58,056,259</u>	<u>\$ 70,389,786</u>									
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit														
Debt Limit	\$ 92,288,098	\$ 101,480,112	\$ 107,679,117	\$ 108,949,540	\$ 107,969,027									
Total Net Debt Applicable To Limit	<u>9,130,000</u>	<u>8,745,000</u>	<u>9,559,000</u>	<u>9,124,000</u>	<u>8,619,000</u>									
Legal Debt Margin	<u>\$ 83,158,098</u>	<u>\$ 92,735,112</u>	<u>\$ 98,120,117</u>	<u>\$ 99,825,540</u>	<u>\$ 99,350,027</u>									
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit														

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

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

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## RUMSON SCHOOL DISTRICT

## DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS  
(UNAUDITED)

## RUMSON BOROUGH

<u>Year</u>	<u>Population</u> <sup>a</sup>	<u>Personal Income</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c</sup>	<u>Unemployment Rate</u> <sup>d</sup>
2002	7,195	\$ 310,607,533	\$ 43,387	2.40%
2003	7,167	612,724,878	43,634	2.40%
2004	7,347	341,966,115	46,545	2.00%
2005	7,326	352,175,472	48,072	2.90%
2006	7,274	381,877,726	52,499	2.60%
2007	7,215	402,784,590	55,826	2.40%
2008	7,258	411,927,790	56,755	Unavailable
2009	7,309	Unavailable	Unavailable	3.10%
2010	Unavailable	Unavailable	Unavailable	5.20%
2011	Unavailable	Unavailable	Unavailable	5.30%

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

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

<sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

RUMSON SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
		1			1	
		2			2	
		3			3	
		4			4	
		5	DATA NOT AVAILABLE		5	
		6			6	
		7			7	
		8			8	
		9			9	
	<u>          </u>	10	<u>          </u>	<u>          </u>	10	<u>          </u>
Total	<u>          </u>		<u>          </u>	<u>          </u>		<u>          </u>

Source: \_\_\_\_\_

## OPERATING INFORMATION

RUMSON SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:										
Regular	64	66	63	65	68	69	68	70	68	63
Special Education	9	13	12	12	16	16	17	16	17	20
Other Special Education	2	2	2	3	3	2	3	3	3	3
Other Instruction	22	22	21	23	25	23	24	24	23	17
Support Services:										
Student and Instruction Related Services	6	6	6	6	6	6	5	5	6	6
General Administration	6	6	6	6	6	6	5	5	5	5
School Administrative Services	5	5	5	5	5	5	5	5	5	5
Business Administrative Services	4	4	4	4	4	4	4	4	4	4
Plant Operations and Maintenance	10	10	10	10	10	10	9	9	10	10
Pupil Transportation										
Food Service										
Total	<u>128</u>	<u>134</u>	<u>129</u>	<u>134</u>	<u>143</u>	<u>141</u>	<u>140</u>	<u>141</u>	<u>141</u>	<u>133</u>

Source: District Personnel Records

RUMSON SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Ratio Pupil/Teacher</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>d</sup></u>	<u>Percentage Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2002	1,013	\$ 8,659,429	\$ 8,548	5.64%	63.0	16.1	1,011.8	963.0	-0.61%	95.18%
2003	1,015	9,288,074	9,151	7.05%	79.0	12.8	1,018.7	974.7	0.68%	95.68%
2004	992	9,560,598	9,638	5.32%	75.0	13.2	1,002.0	955.7	-1.64%	95.38%
2005	998	10,540,649	10,562	9.59%	77.0	13.0	993.9	948.4	-0.81%	95.42%
2006	983	11,202,934	11,397	7.90%	84.0	11.7	991.1	943.6	-0.28%	95.21%
2007	963	11,583,843	12,029	5.55%	85.0	11.3	962.2	918.6	-2.92%	95.47%
2008	971	12,073,578	12,434	3.37%	85.0	11.4	981.3	939.4	1.99%	95.73%
2009	995	12,603,562	12,667	1.87%	85.0	11.7	1,005.8	960.4	2.50%	95.49%
2010	983	12,454,198	12,670	0.01%	87.0	11.3	973.0	929.3	-3.26%	95.51%
2011	971	13,076,387	13,467	0.01%	87.0	11.2	984.9	936.8	1.22%	95.12%

Source: District records

Note: Enrollment based on annual October District count.

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

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

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

RUMSON SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS  
(UNAUDITED)

<u>District/Building</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Deane-Porter Elementary School										
Square Feet	49,357	49,357	56,962	56,962	56,962	56,962	56,962	56,962	56,962	56,962
Capacity (Students)	425	425	480	480	480	480	480	480	480	480
Enrollment	400	401	381	398	387	402	411	434	431	427
Forrestdale Middle School										
Square Feet	80,467	80,467	91,924	91,924	91,924	91,924	91,924	91,924	91,924	91,924
Capacity (Students)	645	645	720	720	720	720	720	720	720	720
Enrollment	613	614	611	600	596	561	560	561	552	556

Number of Schools at June 30, 2011  
 1 Elementary School  
 1 Middle School

Source: District Facilities Office

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

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

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

	<u>*School Facilities</u>	<u>Forrestdale</u>	<u>Deane-Porter</u>	
	<u>Project # (s)</u>			<u>Total</u>
2002	N/A	\$ 56,418.95	\$ 44,329.17	\$ 100,748.12
2003	N/A	29,312.62	23,031.34	52,343.96
2004	N/A	29,007.69	22,791.76	51,799.45
2005	N/A	39,218.65	30,814.66	70,033.31
2006	N/A	44,221.46	34,745.43	78,966.89
2007	N/A	33,835.99	26,585.42	60,421.41
2008	N/A	64,835.15	50,735.53	115,570.68
2009	N/A	47,328.57	37,036.08	84,364.65
2010	N/A	50,288.04	39,351.76	89,639.80
2011	N/A	<u>58,878.63</u>	<u>46,074.37</u>	<u>104,953.00</u>
Total School Facilities		<u>\$ 453,345.75</u>	<u>\$ 355,495.52</u>	<u>\$ 808,841.27</u>

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

Source: District records

## RUMSON SCHOOL DISTRICT

## INSURANCE SCHEDULE

JUNE 30, 2011  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - UTICA		
Blanket Buildings and Contents (special form coverage/replacement cost)	\$ 24,345,004	\$ 5,000
Extra Expense	Included in Business Income	
Musical Instruments	500,000	250
Comprehensive General Liability	1,000,000	
Money and Securities	25,000 in/out	
Data Processing Equipment	550,000	250
Media	20,000	
Extra Expense	15,000	
Camera Equipment	50,000	250
Miscellaneous Property	500,000	
Automobile Policy - Graphic Arts Mutual	1,000,000	
Workers Compensation - MOCSSIF/NJSBAIG	2,000,000	
Excess Liability - UTICA	7,000,000	
Boiler Insurance - UTICA	Included	
School Board Legal Liability - New Jersey		
School Boards Association Insurance Group	5,000,000	5,000
Student Accident and Athletic Account - Bollinger	1,000,000	
Fidelity Bond Insurance:		
Selective Insurance Company:		
Board Secretary	50,000	
Treasurer of School Moneys	150,000	
Crime - Employee Dishonesty - UTICA	100,000 per employee	
Excess Workers Compensation - CHUBB	After 7 days	

Source: District records.

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Rumson School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Rumson School District's basic financial statements and have issued our report thereon dated September 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

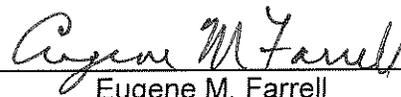
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

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

However, we noted a certain other matter involving internal control that we have reported to the Board of Education of the Rumson School District in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance, dated September 19, 2011.

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



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Eugene M. Farrell  
Licensed Public School Accountant  
No. 824  
Hutchins, Farrell, Meyer & Allison, P.A.

September 19, 2011

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

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2  
Page 1 of 3

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

Patrice R. Antonucci, CPA  
Glenn G. VanPell, CPA  
Karen D. Davis, CPA, CVA  
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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the compliance of the Board of Education of the Rumson School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. Rumson Board of Education's major state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Rumson Board of Education's management. Our responsibility is to express an opinion on the Rumson Board of Education's compliance based on our audit.

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

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

#### Internal Control Over Compliance

The management of the Board of Education of the Rumson School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Rumson Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rumson Board of Education's internal control over compliance.

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

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

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

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

  
\_\_\_\_\_  
Eugene M. Farrell  
Licensed Public School Accountant  
No. 824  
Hutchins, Farrell, Meyer & Allison, P.A.

September 19, 2011



RUMSON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the fiscal year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011		Budgetary Receivable	Cumulative Total Expenditures
			From	To	Deferred Revenues/ (Accounts Receivable)	Due To Grantor				Deferred Revenue	Due To Grantor		
State Department of Education													
Debt Service Aid - State Support	11-495-034-5120-125	133,365.00	07/01/10	06/30/11			\$ 133,365.00	\$ (133,365.00)					\$ 133,365.00
Total Debt Service Fund							\$ 133,365.00	\$ (133,365.00)					\$ 133,365.00
General Fund:													
Reimbursement of Nonpublic School Transportation Costs	11-495-034-5120-014	6,704.73	07/01/10	06/30/11				(6,704.73)			\$ (6,704.73)		6,704.73
Transportation Costs													
Special Education Categorical Aid	11-495-034-5120-089	9,147.00	07/01/09	06/30/11	\$ (9,147.00)		9,147.00	(3,434.00)					3,434.00
Special Education Categorical Aid	11-495-034-5120-089	3,434.00	07/01/10	06/30/11			3,434.00	(140,207.00)			(140,207.00)		140,207.00
Extraordinary Aid	11-100-034-5120-473	140,207.00	07/01/10	06/30/11	(216,044.00)		216,044.00						
On-Behalf TPAF NCGI Premiums	11-495-034-5095-007	216,044.00	07/01/09	06/30/11				(18,299.00)					18,299.00
On-Behalf TPAF Pension System	11-495-034-5095-001	18,299.00	07/01/10	06/30/11				(388,674.00)					388,674.00
On-Behalf TPAF Pension System	11-495-034-5095-001	388,674.00	07/01/10	06/30/11				(478,057.52)			(43,129.77)		478,057.52
Contributions - Post Retirement													
Reimbursed TPAF Social Security	11-495-034-5095-051	478,057.52	07/01/10	06/30/11			434,927.75						
Contributions													
Reimbursed TPAF Social Security Contributions	10-495-034-5095-051	437,201.99	07/01/09	06/30/10	(45,794.50)		45,794.50						
Total General Fund							1,116,320.25	(1,035,376.25)			(190,041.50)		1,035,376.25
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	11-100-034-5120-064	21,315.00	07/01/10	06/30/11			21,315.00	(21,315.00)					21,315.00
N.J. Nonpublic Auxiliary Services Aid:													
Compensatory Education	11-100-034-5120-067	21,267.00	07/01/10	06/30/11			21,267.00	(21,267.00)					21,267.00
Home Instruction	08-100-034-5120-067	3,242.13	07/01/07	06/30/08	(0.13)		0.13						
Home Instruction	10-100-034-5120-067	36.89	07/01/09	06/30/10	(36.89)		36.89						
Annual Exam	11-100-034-5120-066	6,393.00	07/01/10	06/30/11			6,393.00	(6,393.00)					6,393.00
Supplemental Instruction	11-100-034-5120-066	12,646.00	07/01/10	06/30/11			12,646.00	(12,646.00)					12,646.00
Examination and Classification	11-100-034-5120-066	17,849.00	07/01/10	06/30/11			17,849.00	(17,849.00)					17,849.00
Corrective Speech	11-100-034-5120-066	11,891.00	07/01/10	06/30/11			11,891.00	(11,891.00)					11,891.00
N.J. Nonpublic Nursing Services Aid	11-100-034-5120-070	25,256.00	07/01/10	06/30/11			25,256.00	(25,256.00)					25,256.00
Total Special Revenue Fund							116,654.02	(116,617.00)					116,617.00
Capital Projects:													
NJSDA Grant	4570-050-09-2001	198,952.08	07/01/09		(13,468.09)		106,241.20	(98,952.08)			(6,178.97)		98,952.08
NJSDA Grant	4570-050-09-2002	10,186.00	07/01/09		(2,527.13)			(7,658.87)			(10,186.00)		7,658.87
NJSDA Grant	4570-050-09-2003	6,198.00	07/01/09		(2,527.13)			(3,630.87)			(6,158.00)		3,630.87
Total Capital Projects							106,241.20	(110,241.82)			(22,522.97)		110,241.82
Total State Financial Assistance							\$ 1,472,590.47	\$ (1,395,600.07)	\$ 0.00	\$ 0.00	\$ (212,564.47)	\$ 0.00	\$ 1,395,600.07

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

RUMSON SCHOOL DISTRICT

NOTES FOR SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE

June 30, 2011

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$66,625.00 for the General Fund and \$(18,025.69) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

RUMSON SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

June 30, 2010

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,102,001.25	\$ 1,102,001.25
Special Revenue Fund	\$ 413,190.01	109,300.00	522,490.01
Capital Projects Fund		110,241.82	110,241.82
Debt Service Fund	<u>                    </u>	<u>133,365.00</u>	<u>133,365.00</u>
Total Awards and Financial Assistance	<u>\$ 413,190.01</u>	<u>\$ 1,454,908.07</u>	<u>\$ 1,868,098.08</u>

During the year ended June 30, 2011, the State of New Jersey contributed \$18,299.00 to the Teachers' Pension and Annuity Fund for NCGI premiums and \$388,674.00 for post-retirement medical benefits on behalf of the District.

4. Relationship to Federal and State Financial Reports

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

5. Federal and State Loans Outstanding

Not applicable.

6. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2011.



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

Section II - Financial Statement Findings

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

None reported.

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

Section III - State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by NJOMB Circular 04-04.

None reported.

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

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

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.