

**SCHOOL DISTRICT
OF
RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

BOARD OF EDUCATION

RUMSON

STATE OF NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

PREPARED BY

RUMSON BOARD OF EDUCATION

BOARD SECRETARY'S OFFICE

OUTLINE OF CAFR

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INTRODUCTORY SECTION



Office of Business Administrator
Ms. Debra L. Allen

October 12, 2017

Honorable President and
Members of the Board of Education
Rumson School District
Monmouth County, New Jersey 07760

Dear Board Members:

The comprehensive annual financial report of the Rumson School District (District) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 operations 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 and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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.

1. REPORTING ENTITY AND ITS SERVICES: Rumson School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement #3. All funds and account groups of the District are included in this report. The Rumson Board of Education, Deane-Porter School and Forestdale School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular and special education for handicapped youngsters. The District resident enrollment on October 15, 2016 as reported in the Annual Application for State School Aid was 1033 which is an increase of 37 students over the previous year's resident enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Resident Enrollment

<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017	981	3.91%
2016	944	(2.88%)
2015	972	(.001%)
2014	973	(1.11%)
2013	984	.001%
2012	983	-0-
2011	983	-0-
2010	983	(1.21%)
2009	995	2.47%
2008	971	

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Rumson is located one-half mile west of the Atlantic Ocean between Fair Haven and Sea Bright in Monmouth County and is comprised of approximately 5.2 square miles. The community is predominantly residential in character and land available for development is limited.

The growth in enrollment is attributed to a shift from parochial to public school and younger families moving into the district replacing older ones.

3. MAJOR INITIATIVES: The 2016-2017 budget contained funding for increased enrollment, special education services, professional development, curriculum development, instructional materials and resources.

Students continue to score well above the national average on standardized ability tests and ranked number four (4) in New Jersey on the Partnership for Assessment of Readiness for College and Careers (PARCC) test for grades 3-8.

The school district has continued enhancements to its math, language arts, and science programs, provided extensive staff development, implemented the seventh year of anti-bullying strategies in all grades. All program initiatives and enhancements have been closely correlated with the New Jersey Student Learning Standards.

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length

budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. DEBT ADMINISTRATION:

At June 30, 2017, the District had \$4,707,000 of outstanding school bonds.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was appointed by the Rumson Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Rumson School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school districts and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without efficient and dedicated services of our central office staff.

Respectfully submitted,

John Bormann

John Bormann
Superintendent

Debra Leigh Allen

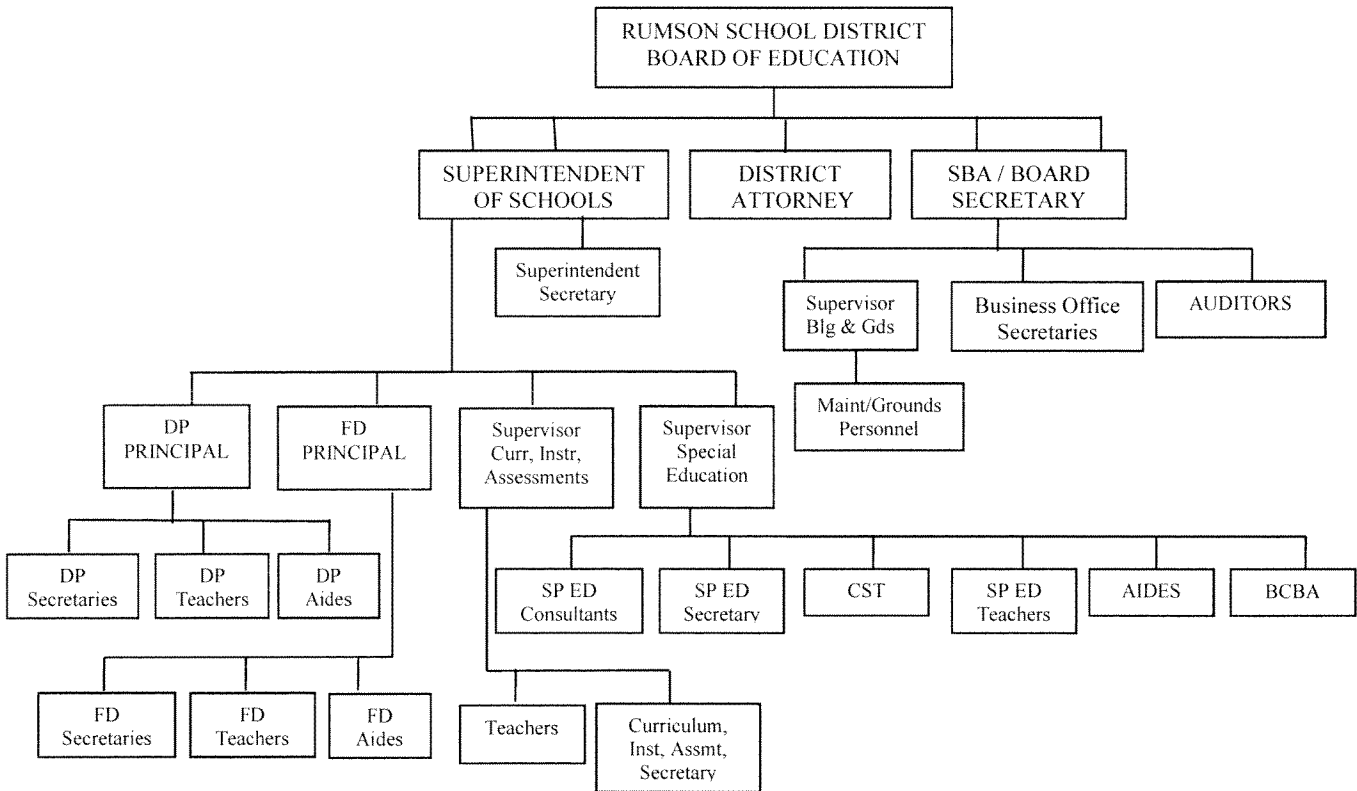
Debra Leigh Allen
Business Administrator/Board Secretary

POLICY

RUMSON BOROUGH BOARD OF EDUCATION

ADMINISTRATION
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ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



Adopted: 28 November 2012

Revised:



**RUMSON BOARD OF EDUCATION
RUMSON, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education	Term Expires
Colleen O'Connor, President	2017
Margaret Simons, Vice President	2018
Russell Binns	2019
Scott Caldwell	2019
Elaine Melia	2019
Maura Beyer	2017
Kim Swain	2017
John Connors	2018
Charles Jones	2018
Other Officials	
John Bormann, Superintendent	
Debra Leigh Allen, School Business Administrator/Board Secretary	
Anthony Sciarrillo, Esq., Solicitor	

RUMSON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Anthony Sciarrillo, Esq.
238 St Paul Street
Westfield, NJ 07090

Official Depositories

TD Bank
Red Bank, NJ

1st Constitution Bank
Rumson, NJ

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Rumson School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

Opinion

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, each major fund, and the aggregate remaining fund information of the Borough of Rumson Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information identified in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Rumson Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017 on our consideration of the Borough of 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



Honorable President and
Members of the Board of Education
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of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rumson Board of Education's internal control over financial reporting and compliance.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The discussion and analysis of the Rumson School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$69,417. Net position of governmental activities increased \$109,471 while net position of business-type activity decreased by \$40,054.
- General revenues accounted for \$21,144,105 revenue or 94 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,446,858 or 6 percent of total revenues of \$22,590,963.
- The School District had \$21,911,482 in expenses related to governmental activities; only \$876,848 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$21,144,105 were not adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Rumson School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise fund is reported as a business activity.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Rumson School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Rumson School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and debt service funds, which are considered to be major funds.

The Rumson School District adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Rumson School District uses proprietary funds to account for its food service program and its after school program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net position is \$3,379,455 at June 30, 2017. Of this amount, \$(3,488,587) was in unrestricted balances. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District.

Table 1
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	2,974,327	2,730,794	102,688	179,332	3,077,015	2,910,126
Capital Assets	<u>9,135,183</u>	<u>9,581,125</u>	<u>54,646</u>	<u>48,396</u>	<u>9,189,829</u>	<u>9,629,521</u>
Total Assets	<u>12,109,510</u>	<u>12,311,919</u>	<u>157,334</u>	<u>227,728</u>	<u>12,266,844</u>	<u>12,539,647</u>
Deferred Outflow of Resources	<u>1,606,165</u>	<u>927,401</u>	_____	_____	<u>1,606,165</u>	<u>927,401</u>
Liabilities						
Current Liabilities	1,005,697	918,777		4,438	1,005,697	923,215
Noncurrent Liabilities	<u>9,289,659</u>	<u>9,051,793</u>	_____	_____	<u>9,289,659</u>	<u>9,051,793</u>
Total Liabilities	<u>10,295,356</u>	<u>9,970,570</u>	_____	<u>4,438</u>	<u>10,295,356</u>	<u>9,975,008</u>
Deferred inflows of Resources	<u>198,198</u>	<u>156,100</u>	_____	_____	<u>198,198</u>	<u>156,100</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	4,324,181	4,254,125	54,646	48,396	4,378,827	4,302,521
Restricted	2,489,215	2,155,894			2,489,215	2,155,894
Unrestricted	<u>(3,591,275)</u>	<u>(3,297,369)</u>	<u>102,688</u>	<u>174,894</u>	<u>(3,488,587)</u>	<u>(3,122,475)</u>
Total Net Position	<u>3,222,121</u>	<u>3,112,650</u>	<u>157,334</u>	<u>223,290</u>	<u>3,379,455</u>	<u>3,335,940</u>

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	166,150	148,325	570,010	465,645	736,160	613,970
Operating Grants and Contributions	710,698	498,839			710,698	498,839
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	14,745,047	14,315,581			14,745,047	14,315,581
Debt Service	722,225	680,692			722,225	680,692
Federal and State Aid	5,590,162	2,275,085			5,590,162	2,275,085
Miscellaneous Income	<u>86,671</u>	<u>44,679</u>	<u> </u>	<u>215</u>	<u>86,671</u>	<u>44,894</u>
Total Revenues and Transfers	<u>22,020,953</u>	<u>17,963,201</u>	<u>570,010</u>	<u>465,860</u>	<u>22,590,963</u>	<u>18,429,061</u>

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Functions/Program Expenses						
Instruction:						
Regular	5,356,024	5,301,714			5,356,024	5,301,714
Special Education	1,640,340	1,279,269			1,640,340	1,279,269
Other Instruction	432,698	280,208			432,698	280,208
Support Services:						
Tuition	414,753	429,648			414,753	429,648
Student & Instruction						
Related Services	2,037,637	1,971,256			2,037,637	1,971,256
School Administrative						
Services	443,349	512,764			443,349	512,764
General Administrative						
Services	458,025	385,657			458,025	385,657
Central Services and Admin.	254,286	284,600			254,286	284,600
Admin. Info. Technology	41,067	126,087			41,067	126,087
Plant Operations and						
Maintenance	1,106,738	1,132,554			1,106,738	1,132,554
Pupil Transportation	638,330	716,879			638,330	716,879
Unallocated Benefits	8,269,298	4,467,248			8,269,298	4,467,248
Capital Outlay - Undepreciable	20,259	618,832			20,259	618,832
Interest on Long-Term Debt	178,444	217,296			178,444	217,296
Unallocated depreciation	620,234	572,724			620,234	572,724
Food Service			<u>610,064</u>	<u>431,607</u>	<u>610,064</u>	<u>431,607</u>
Total Expenses	<u>21,911,482</u>	<u>18,296,736</u>	<u>610,064</u>	<u>431,607</u>	<u>22,521,546</u>	<u>18,728,343</u>
Increase or (Decrease) in						
Net Position	<u>109,471</u>	<u>(333,535)</u>	<u>(40,054)</u>	<u>34,253</u>	<u>69,417</u>	<u>(299,282)</u>

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$22,521,546. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$15,467,272 because some of the cost was paid by those who benefitted from the programs \$736,160, by other governments and organizations who subsidized certain programs with grants and contributions \$6,300,860, and by miscellaneous sources \$86,671.

Revenues for the District's business-type activities (food service and after school programs) were comprised of charges for services. Significant financial results include the following:

- ✓ Program expenses exceeded revenues by \$40,054 (loss).
- ✓ Charges for services provided totaled \$570,010. This represents amounts paid by consumers for daily food services and after school programs.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2017, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and post retirement medical benefits and TPAF social security reimbursements, is neither a revenue item nor an expenditures item to the District but is required to be reflected in the governmental funds financial statements.
- The special revenue fund was increased by \$287,944 for an increase in federal and state grant awards.

General Fund

The general fund actual revenue was \$17,443,680. That amount is \$2,133,646 above the final amended budget of \$15,310,034. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$1,911,606 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$79,946 excess in tuition and miscellaneous anticipated revenues and \$142,094 excess in other state aids.

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$17,106,931 which is \$957,528 above the final amended budget of \$16,149,403. The variance between the actual expenditures and final budget was due to excess non-budget on-behalf State TPAF social security, pension and medical retirement payments of \$1,911,606 and \$954,078 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$710,698. That amount is greater than the original budget estimate of \$456,536 and less than the final amended budget of \$744,480.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the School District had \$19,389,462 invested in sites, buildings and equipment. Of this amount, \$10,199,633 in depreciation has been taken over the years. We currently have a net book value of \$9,189,829. Total additions for the year were \$194,798. Total depreciation for the year was \$634,490. Table 3 shows fiscal year 2017 balances compared to 2016.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	2,314,500	2,314,500			2,314,500	2,314,500
Site Improvements	91,194	98,842			91,194	98,842
Buildings	6,023,195	6,405,070			6,023,195	6,405,070
Equipment	<u>706,294</u>	<u>762,713</u>	<u>54,646</u>	<u>48,396</u>	<u>760,940</u>	<u>811,109</u>
	<u>9,135,183</u>	<u>9,581,125</u>	<u>54,646</u>	<u>48,396</u>	<u>9,189,829</u>	<u>9,629,521</u>

Debt Administration

At June 30, 2017, the District had \$10,016,693 of outstanding debt. Of this amount, \$403,270 is for compensated absences; \$4,707,000 of serial bonds for school construction; \$4,534,221 for the net pension obligation for PERS and \$372,202 of unamortized bond premium.

**RUMSON SCHOOL DISTRICT
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Many factors were considered by the District during the process of developing the 2017-2018 budget. The primary factors were the District's projected student population and the services that are required to be provided by the District, as well as increasing salary and benefit costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Rumson School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ms. Debra Leigh Allen,
School Business Administrator
Rumson School District
69 Forrest Avenue
Rumson, NJ 07760

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Rumson School District
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	1,795,784	100,892	1,896,676
Receivables, net	235,554		235,554
Inventory		1,796	1,796
Restricted assets:			
Cash and cash equivalents	942,989		942,989
Land	2,314,500		2,314,500
Other Capital Assets, net	6,820,683	54,646	6,875,329
Total Assets	<u>12,109,510</u>	<u>157,334</u>	<u>12,266,844</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension related	1,337,965		1,337,965
Loss on Refunding of Debt	268,200		268,200
Total Deferred Outflow of Resources	<u>1,606,165</u>	<u>-</u>	<u>1,606,165</u>
LIABILITIES			
Accounts payable	141,500		141,500
Accrued interest on bonds	60,983		60,983
Payable to federal and state government	6,925		6,925
Deferred revenue	69,255		69,255
Noncurrent liabilities:			
Due within one year	727,034		727,034
Due beyond one year	9,289,659		9,289,659
Total liabilities	<u>10,295,356</u>	<u>-</u>	<u>10,295,356</u>
DEFERRED INFLOW OF RESOURCES:			
Pension related	<u>198,198</u>		<u>198,198</u>
NET POSITION			
Invested in capital assets, net of related debt	4,324,181	54,646	4,378,827
Restricted for:			
Capital Projects	679,723		679,723
Other Purposes	1,809,492		1,809,492
Unrestricted	(3,591,275)	102,688	(3,488,587)
Total net position	<u>3,222,121</u>	<u>157,334</u>	<u>3,379,455</u>

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

Rumson School District
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	5,356,025					(5,356,025)		(5,356,025)
Special education	1,640,340			497,546		(1,142,794)		(1,142,794)
Other instruction	432,698					(432,698)		(432,698)
Support services:								
Tuition	414,753		166,150			(248,603)		(248,603)
Student & instruction related services	2,037,637			213,152		(1,824,485)		(1,824,485)
School administrative services	443,349					(443,349)		(443,349)
General administrative services	458,025					(458,025)		(458,025)
Central Services	254,286					(254,286)		(254,286)
Admin. Info. Technology	41,067					(41,067)		(41,067)
Plant operations and maintenance	1,106,738					(1,106,738)		(1,106,738)
Pupil transportation	638,330					(638,330)		(638,330)
Employee Benefits	8,269,298					(8,269,298)		(8,269,298)
Capital outlay-undepreciable	20,259					(20,259)		(20,259)
Interest on long-term debt	178,444					(178,444)		(178,444)
Unallocated depreciation	620,234					(620,234)		(620,234)
Total governmental activities	21,911,482	-	166,150	710,698	-	(21,034,634)	-	(21,034,634)
Business-type activities:								
Food Service	563,233		516,390			(46,843)		(46,843)
Rumson After School Program	46,831		53,620			6,789		6,789
Total business-type activities	610,064		570,010			(40,054)		(40,054)
Total primary government	22,521,546		736,160	710,698	-	(21,034,634)	(40,054)	(21,074,688)
General revenues:								
Property Taxes Levied for:								
General Purposes						14,745,047		14,745,047
Debt Service						722,225		722,225
Federal and State aid not restricted						5,490,267		5,490,267
State aid restricted						99,895		99,895
Miscellaneous Income						86,671		86,671
Total general revenues, special items, extraordinary items and transfers						21,144,105		21,144,105
Change in Net Position						109,471	(40,054)	69,417
Net Position—beginning						3,112,650	197,388	3,310,038
Net Position—ending						3,222,121	157,334	3,379,455

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

FUND FINANCIAL STATEMENTS

**Rumson School District
Balance Sheet
Governmental Funds
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	1,790,050		5,734	1,795,784
Receivables from Other Governments	168,643	66,911		235,554
Interfund Receivable	8,756			8,756
Restricted Cash and Cash Equivalents	942,989			942,989
Total Assets	<u>2,910,438</u>	<u>66,911</u>	<u>5,734</u>	<u>2,983,083</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		8,756		8,756
Payable to State Government		6,925		6,925
Deferred Revenue	18,025	51,230		69,255
Total Liabilities	<u>18,025</u>	<u>66,911</u>		<u>84,936</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	857,232			857,232
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	681,402			681,402
Emergency Reserve	50,000			50,000
Emergency Reserve-Designated for Subsequent Year's Expenditures	50,000			50,000
Maintenance Reserve	169,000			169,000
Capital Reserve	133,989			133,989
Capital Reserve-Designated for Subsequent Year's Expenditures	540,000			540,000
Assigned to:				
Year end encumbrances	1,858			1,858
Unassigned:				
Capital Projects			5,734	5,734
General Fund	408,932			408,932
Total Fund Balances	<u>2,892,413</u>		<u>5,734</u>	<u>2,898,147</u>
Total Liabilities and Fund Balances	<u>2,910,438</u>	<u>66,911</u>	<u>5,734</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 funds. The cost of the assets is \$19,167,202 and the accumulated depreciation is \$10,032,019.	9,135,183
Deferred outflow of resources	1,337,965
Deferred inflow of resources	(198,198)
Accounts payable for PERS payment subsequent to the measurement date.	(141,500)
Unamortized portion of loss on refunding	268,200
Interest on Long-term debt accrued	(60,983)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(10,016,693)</u>
Net position of governmental activities	<u>3,222,121</u>

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

Rumson School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	14,745,047			722,225	15,467,272
Tuition	166,150			-	166,150
Miscellaneous	86,671	168,684			255,355
Total - Local Sources	<u>14,997,868</u>	<u>168,684</u>	-	<u>722,225</u>	<u>15,888,777</u>
State Sources	2,444,675	174,358		99,895	2,718,928
Federal Sources		367,656			367,656
Total Revenues	<u>17,442,543</u>	<u>710,698</u>	-	<u>822,120</u>	<u>18,975,361</u>
EXPENDITURES					
Current:					
Regular Instruction	5,321,658				5,321,658
Special Education Instruction	1,142,794	497,546			1,640,340
Other Instruction	432,698				432,698
Support Services and Undistributed Costs:					
Tuition	414,753				414,753
Student & Instruction Related Services	1,824,485	213,152			2,037,637
General Administrative Services	458,025				458,025
School Administrative Services	443,349				443,349
Central Services	254,286				254,286
Admin. Info. Technology	41,067				41,067
Plant Operations and Maintenance	1,106,738				1,106,738
Pupil Transportation	638,330				638,330
Employee Benefits	4,833,039				4,833,039
Debt Service:					
Principal				620,000	620,000
Interest and Other Charges				202,120	202,120
Capital Outlay	195,710		(1,159)		194,551
Total Expenditures	<u>17,106,931</u>	<u>710,698</u>	<u>(1,159)</u>	<u>822,120</u>	<u>18,638,590</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>335,612</u>	-	<u>1,159</u>	-	<u>336,771</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out					-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances					
	335,612	-	1,159	-	336,771
Fund Balance—July 1	<u>2,556,801</u>		<u>4,575</u>		<u>2,561,376</u>
Fund Balance—June 30	<u>2,892,413</u>	<u>-</u>	<u>5,734</u>	<u>-</u>	<u>2,898,147</u>

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

**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 Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2)	336,771									
<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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Depreciation expense</td> <td style="width: 20%; text-align: right;">(620,234)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciable Capital outlays</td> <td style="text-align: right;"><u>174,292</u></td> <td style="text-align: right;">(445,942)</td> </tr> </table>	Depreciation expense	(620,234)		Depreciable Capital outlays	<u>174,292</u>	(445,942)				
Depreciation expense	(620,234)									
Depreciable Capital outlays	<u>174,292</u>	(445,942)								
<p>Repayment of long-term debt is reported as 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. In the current year, these amounts consist of:</p>										
Principal Payments	620,000									
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>										
(Increase)/Decrease in compensated absences payable	(34,367)									
<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 change in accrued interest is an addition to the reconciliation.</p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Prior Year Accrued Interest</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">67,325</td> </tr> <tr> <td>Current Year Accrued Interest</td> <td></td> <td style="text-align: right;">(60,983)</td> </tr> </table>	Prior Year Accrued Interest		67,325	Current Year Accrued Interest		(60,983)				
Prior Year Accrued Interest		67,325								
Current Year Accrued Interest		(60,983)								
Bond Premium/Discount	17,334									
Pension Deferrals	(141,523)									
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">District Pension Contributions</td> <td style="width: 20%; text-align: right;">136,007</td> <td style="width: 20%;"></td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right;"><u>(385,151)</u></td> <td></td> </tr> <tr> <td>Increase in Pension Expense</td> <td></td> <td style="text-align: right;">(249,144)</td> </tr> </table>	District Pension Contributions	136,007		Less: Pension Expense	<u>(385,151)</u>		Increase in Pension Expense		(249,144)	
District Pension Contributions	136,007									
Less: Pension Expense	<u>(385,151)</u>									
Increase in Pension Expense		(249,144)								
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Increase in On-behalf State Aid TPAF Pension</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">3,045,592</td> </tr> <tr> <td>Increase in On-behalf TPAF Pension Expense</td> <td></td> <td style="text-align: right;">(3,045,592)</td> </tr> </table>	Increase in On-behalf State Aid TPAF Pension		3,045,592	Increase in On-behalf TPAF Pension Expense		(3,045,592)				
Increase in On-behalf State Aid TPAF Pension		3,045,592								
Increase in On-behalf TPAF Pension Expense		(3,045,592)								
Change in net assets of governmental activities	109,471									

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

**Rumson School District
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-Type Activities - Enterprise Fund		
	Food Service Program	Rumson After School Program	Total Enterprise Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	54,059	46,833	100,892
Inventory	1,796		1,796
Total Current Assets	55,855	46,833	102,688
Noncurrent Assets:			
Capital Assets:			
Equipment	222,260		222,260
Less Accumulated Depreciation	(167,614)		(167,614)
Total Capital Assets (Net of Accumulated Depreciation)	54,646	-	54,646
Total Assets	110,501	46,833	157,334
NET ASSETS			
Invested in Capital Assets Net of Related Debt	54,646		54,646
Unrestricted	55,855	46,833	102,688
Total Net Position	110,501	46,833	157,334

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

Rumson School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund		
	Food Service Program	Rumson After School Program	Total Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales	516,390		516,390
Miscellaneous		53,620	53,620
Total Operating Revenues	<u>516,390</u>	<u>53,620</u>	<u>570,010</u>
Operating Expenses:			
Salaries	263,212		263,212
Other Employee Benefits	29,021		29,021
Cost of Sales	209,414		209,414
Supplies and Materials	10,736		10,736
Management Fee	15,000		15,000
Depreciation Expense	14,256		14,256
Insurance	15,150		15,150
Miscellaneous Expenses	6,444	46,831	53,275
Total Operating Expenses	<u>563,233</u>	<u>46,831</u>	<u>610,064</u>
Operating Income (Loss)	<u>(46,843)</u>	<u>6,789</u>	<u>(40,054)</u>
Transfers In (Out)			
Change in Net Assets	<u>(46,843)</u>	<u>6,789</u>	<u>-</u>
Total Net Position—Beginning, as previously reported	223,290	(25,902)	197,388
Prior Period Adjustment -			
Error Correction	(65,946)	65,946	-
Total Net Position—Beginning, as previously restated	<u>157,344</u>	<u>40,044</u>	<u>197,388</u>
Total Net Position—Ending	<u>110,501</u>	<u>46,833</u>	<u>157,334</u>

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

**Rumson School District
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Food Service Program	Rumson After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	516,390	53,620	570,010
Payments for Salaries	(263,212)		(263,212)
Payments to Vendors	(290,362)	(46,831)	(337,193)
Net Cash Provided by (Used for) Operating Activities	<u>(37,184)</u>	<u>6,789</u>	<u>(30,395)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	(65,946)		(65,946)
Transfers from Other Funds		65,946	65,946
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(65,946)</u>	<u>65,946</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(20,506)		(20,506)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(20,506)</u>	<u>-</u>	<u>(20,506)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(123,636)	72,735	(50,901)
Balances—Beginning of Year	177,695	(25,902)	151,793
Balances—End of Year	<u>54,059</u>	<u>46,833</u>	<u>100,892</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(46,843)	6,789	(40,054)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	14,256		14,256
Decrease/(Increase) in Inventory	(159)		(159)
(Decrease)/Increase in Accounts Payable	(4,438)		(4,438)
Total Adjustments	<u>9,659</u>	<u>-</u>	<u>9,659</u>
Net Cash Provided by (Used for) Operating Activities	<u>(37,184)</u>	<u>6,789</u>	<u>(30,395)</u>

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

**Rumson School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Fiduciary Funds	
	Unemployment Compensation Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	48,753	148,684
Due from Payroll Agency		
Total Assets	48,753	148,684
LIABILITIES		
Payable to student groups		109,547
Payroll deductions and withholdings		39,137
Total Liabilities	-	148,684
NET POSITION		
Held in trust for unemployment claims and other purposes	48,753	

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

**Rumson School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 1,618
Total Contributions	<u>1,618</u>
Investment earnings:	
Net investment earnings	<u>123</u>
Total additions	<u>1,741</u>
DEDUCTIONS	
Unemployment Claims	<u>34,129</u>
Total deductions	<u>34,129</u>
Change in net assets	(32,388)
Net position - beginning of the year	<u>81,141</u>
Net position - end of the year	<u><u>\$ 48,753</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education of the Rumson (“Board”) School District (the “District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. 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 School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board 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. Basis of Presentation:

The Board’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or function and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, including all taxes, are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It 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 New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 sale of bonds, lease purchases and other revenues.

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.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund and the Rumson After School Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position.

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

Unemployment Compensation Trust Fund - The Trust Fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the cost of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds - Agency funds are used to account for the assets that the Board 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.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(G)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did make a material supplemental budgetary appropriation during the fiscal year.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board 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.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Cash, Cash Equivalents and Investments: (continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

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

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board currently maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Buildings and Improvements	20-50 years	N/A
Furniture, Fixtures, Equipment and Vehicles	5-20 years	5-20 years

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as accumulated vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the general fund and the special revenue fund represents cash that has been received but not yet earned. See Note 2(A) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in 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, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Accounting and Financial Reporting for Pensions: (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to pension and the unamortized portion of a loss on refunding of debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

Q. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Fund Balances: (continued)

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

U. 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. 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 attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

V. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. Allowance for Uncollectible Accounts:

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

X. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements: (continued)

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2017, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$3,036,998
State of New Jersey Cash Management Fund	<u>103</u>
	<u>\$3,037,101</u>

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

During the period ended June 30, 2017, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$3,037,101 and the bank balance was \$3,565,615. The entire balance was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments (established in New Jersey Statutes 18A:20-37) are treated as cash equivalents. As of June 30, 2017, \$-0- of the Board's bank balance of \$3,565,615 was exposed to custodial credit risk.

Interest Rate Risk

The District 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. However, New Jersey Statutes 18A-37 limit the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified by the Statutes. The type of allowance investments are Bonds of the United States of America or local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2017, the District has \$103 on deposit with the New Jersey Cash Management Fund.

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 4. RECEIVABLES:

Receivables at June 30, 2017, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$170,056	\$	\$170,056
Federal Aid	41,721		41,721
Other	23,777		23,777
Interfunds	<u>8,756</u>	_____	<u> </u>
Gross receivables	244,310		235,554
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$244,310</u>	<u>\$</u>	<u>\$235,554</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances as of June 30, 2017.

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/17</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$2,314,500	\$	\$	\$2,314,500
Construction in Progress	_____	_____	_____	_____
Total Capital Assets, Not Being Depreciated	<u>2,314,500</u>	_____	_____	<u>2,314,500</u>
Capital Assets Being Depreciated				
Site Improvements	456,117			456,117
Buildings and Sites	13,399,674			13,399,674
Equipment	<u>2,822,619</u>	<u>174,292</u>	_____	<u>2,996,911</u>
Total Capital Assets, Being Depreciated	<u>16,678,410</u>	<u>174,292</u>	_____	<u>16,852,702</u>
Less Accumulated Depreciation:				
Site Improvements	(357,275)	(7,648)		(364,923)
Buildings and Sites	(6,994,604)	(381,875)		(7,376,479)
Equipment	<u>(2,059,906)</u>	<u>(230,711)</u>	_____	<u>(2,290,617)</u>
Total Accumulated Depreciation	<u>(9,411,785)</u>	<u>(620,234)</u>	_____	<u>(10,032,019)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,266,625</u>	<u>(445,942)</u>	_____	<u>6,820,683</u>
Governmental Activities Capital Assets, Net	<u>\$9,581,125</u>	<u>(\$445,942)</u>	=====	<u>\$9,135,183</u>

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 6. CAPITAL ASSETS: (continued)

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Business-Type Activity				
Equipment	\$201,754	\$20,506	\$	\$222,260
Less Accumulated Depreciation				
Machinery and Equipment	<u>(153,358)</u>	<u>(14,256)</u>	_____	<u>(167,614)</u>
Business-Type Activity Capital Assets, Net	<u>\$48,396</u>	<u>\$6,250</u>	<u>\$</u>	<u>\$54,646</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated depreciation”.

NOTE 7. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2017 are as follows:

	<u>Balance</u> <u>6/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/17</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences payable	\$368,903	\$34,367	\$	\$403,270	\$
Net Pension Obligation	3,603,688	930,533		4,534,221	
Bonds payable	5,327,000		620,000	4,707,000	665,000
Bond Premium	<u>434,236</u>	_____	<u>62,034</u>	<u>372,202</u>	<u>62,034</u>
	<u>\$9,733,827</u>	<u>\$964,900</u>	<u>\$682,034</u>	<u>\$10,016,693</u>	<u>\$727,034</u>

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 7. LONG-TERM DEBT OBLIGATIONS: (continued)

On August 15, 2008, the District issued General Obligation Refunding Bonds totaling \$2,745,000 for the purpose of refunding bonds dated May 1, 1998.

The Bonds bear interest from 3.25% to 5.0% per annum payable semi-annually on the first day of May and November of each year, until maturity. The principal is due annually on the first day of May through 2018, installments range from \$55,000 to \$285,000.

On May 19, 2009, the District issued General Obligation Bonds totaling \$1,257,000 for the purpose of new roofs for Forrestdale and Deane-Porter Schools.

The Bonds bear interest from 4.00% to 4.125% per annum payable semi-annually on the first day of February and September of each year, until maturity. The principal is due annually on the first day of February through 2024, installments range from \$70,000 to \$117,000.

On May 15, 2013, the District issued General Obligation Refunding Bonds totaling \$4,535,000 for the purpose of refunding bonds dated August 15, 2008.

The Bonds bear interest from 2.00% to 4.0% per annum payable semi-annually on the first day of February and September of each year, until maturity. The principal is due annually on the first day of September through 2022, installments range from \$5,000 to \$720,000.

Schedule of Payments

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2018	\$665,000	\$176,820	\$841,820
2018-2019	715,000	146,720	861,720
2019-2020	770,000	120,220	890,220
2020-2021	790,000	89,020	879,020
2021-2022	820,000	56,795	876,795
2022-2024	<u>947,000</u>	<u>28,590</u>	<u>975,590</u>
	<u>\$4,707,000</u>	<u>\$618,165</u>	<u>\$5,325,165</u>

B. Bonds and Notes Authorized But Not Issued:

As of June 30, 2017, the District had no authorized but not issued bonds.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. 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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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 Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) 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 Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year <u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/17	\$136,007	\$2,540
6/30/16	141,523	3,516
6/30/15	151,996	4,553

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement	NCGI	Long-Term
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
		<u>Contributions</u>		<u>Insurance</u>
6/30/17	\$722,924	\$624,185	\$26,193	\$789
6/30/16	489,627	612,052	24,390	
6/30/15	320,363	545,167	23,049	

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$537,515 during the year ended June 30, 2016 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 fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$4,534,221 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was .01530945 percent, which was a decrease of .00074404 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$385,151. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 8. PENSION PLANS: (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$84,323	
Actual investment earnings on pension plan investments		
Changes of assumptions	939,248	
Net difference between projected and actual earnings on pension plan investments	172,894	
Changes in proportion and differences between District contributions and proportionate share of contributions		198,198
District contributions subsequent to the measurement date	<u>141,500</u>	<u> </u>
Total	<u>\$1,337,965</u>	<u>\$198,198</u>

The \$141,500 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$269,373
2018	269,373
2019	312,078
2020	262,191
2021	83,450

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	.01530945%	.016534947%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 8. PENSION PLANS: (continued)

mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2016</u>		
	<u>1%</u> Decrease	<u>At Current</u> Discount Rate	<u>1%</u> Increase
District's proportionate share of the pension liability	<u>2.98%</u> \$5,556,157	<u>3.98%</u> \$4,534,221	<u>4.98%</u> \$3,690,522

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>50,504,485</u>
	<u>\$50,504,485</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .0642008613%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$3,794,709 for contributions provided by the State in the District-Wide Financial Statements.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 8. PENSION PLANS: (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 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 Chapter 126, which provides employer paid 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 10. DEFERRED COMPENSATION:

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

Lincoln Investment Planning, Inc.
Reliastar Life Insurance

The Variable Annuity Life Insurance Co.
The Equitable

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 11. COMPENSATED ABSENCES:

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

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

In the District-wide *Statement of Net Position*, 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 benefit accrue to employees. As of June 30, 2017, a liability existed for compensated absences in the Food Service Fund in the amount of \$-0-.

NOTE 12. 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 insurance coverage through the New Jersey School Insurance Group (NJSIG), the state's largest school board insurance group.

NJSIG provides coverage for workers' compensation, general and auto liability, property damage, crime, bonds, boiler and machinery, umbrella excess catastrophe, and school boards officials' errors and omissions. Reinsurance has been purchased by NJSIG to cap losses retained by the group. Retention levels have been set on a "per accident" basis. NJSIG encourages loss control among the school districts by giving cost reductions for good loss history and uses individual experience modifications in the calculation of premiums.

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

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 12. RISK MANAGEMENT: (continued)

State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and prior year:

Fiscal Year	Employee Contributions/ Interest Earnings/ District Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$1,731	\$34,129	\$48,753
2015-2016	1,551	10,314	81,151
2014-2015	58,301	80,243	89,914

NOTE 13. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Rumson Board of Education by inclusion of \$100 on October 10, 2000 and has since increased the reserve by additional budget appropriations and by the interest earned on investments 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 express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$776,865
Deposits:	
Transfer by Board Resolution - June 14, 2017	52,492
Withdrawal	<u>155,368</u>
Ending balance, June 30, 2017	<u>\$673,989</u>

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

The LRFPA balance of local support costs of uncompleted capital projects at June 30, 2017 is \$2,050,000. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$200,000
Withdrawal	<u>100,000</u>
Ending balance, June 30, 2017	<u>\$100,000</u>

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCRA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$232,000
Deposits:	
Transfer by Board Resolution - June 14, 2017	<u>75,000</u>
	307,000
Budgeted Withdrawal	<u>138,000</u>
Ending balance, June 30, 2017	<u>\$169,000</u>

Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 16. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,892,413 General Fund fund balance at June 30, 2017, \$1,858 is reserved for encumbrances; \$169,000 has been legally established as a maintenance reserve in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c.73; \$100,000 has been legally established as an emergency reserve in accordance with N.J.S.A. 18A:7F-41c(1); \$1,538,634 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$681,402 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$673,989 has been reserved in the Capital Reserve Account; and \$408,932 is unreserved and undesignated.

NOTE 17. CALCULATION OF EXCESS SURPLUS:

In accordance with *N.J.S.A.* 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$1,538,634 of which \$857,232 is the result of current year operations.

NOTE 18. INVENTORY:

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Supplies	<u>\$1,796</u>
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The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 19. PRIOR PERIOD ADJUSTMENT:

In fiscal year 2017, the District made a correction to its prior year enterprise fund financial statements. This adjustment was necessary to correct salaries from the Food Service Fund that were incorrectly charged to the Rumson After School Academy Program. This correction resulted in the following restatement of net position as of June 30, 2016:

	<u>Food Service Fund</u>	<u>Rumson After School Program</u>	<u>Total</u>
Net Position, June 30, 2016 – as previously reported	\$223,290	\$(25,902)	\$197,388
Error correction	<u>(65,946)</u>	<u>65,946</u>	<u>-0-</u>
Net Position, June 30, 2016 – Restated	<u>\$157,344</u>	<u>\$40,044</u>	<u>\$197,388</u>

**Rumson School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 20. CONTINGENT LIABILITIES:

It is the best judgment of the District's management that there are no pending or threatened litigation, unasserted claims or assessments that would have any adverse effect on the accompanying financial statements.

NOTE 21. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 12, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Rimmon Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	14,745,047		14,745,047	14,745,047		
Tuition	94,000		94,000	166,150	72,150	
Miscellaneous	78,875		78,875	86,671	7,796	
Total - Local Sources	14,917,922		14,917,922	14,997,868	79,946	
State Sources:						
Categorical Transportation Aid	34,646		34,646	34,646		
Categorical Security Aid	16,332		16,332	16,332		
Categorical Special Education Aid	312,714		312,714	312,714		
PARCC Readiness Aid	9,520		9,520	9,520		
Per Pupil Growth Aid	9,520		9,520	9,520		
Professional Learning Community Aid	9,380		9,380	9,380		
Extraordinary Aid				136,049	136,049	
Additional Non-Public Transportation Aid				6,045	6,045	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				722,924	722,924	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				624,185	624,185	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				26,193	26,193	
TPAF LTIDI Contribution (On-Behalf - Non-Budgeted)				789	789	
TPAF Social Security (Reimbursed - Non-Budgeted)				537,515	537,515	
Total - State Sources	392,112		392,112	2,445,812	2,053,700	
TOTAL REVENUES	15,310,034		15,310,034	17,443,680	2,133,646	

Rimmon Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool Salaries of Teachers	56,060	(756)	55,304	55,000	304	
Kindergarten - Salaries of Teachers	403,663	(41,827)	361,836	361,047	789	
Grades 1-5 - Salaries of Teachers	2,421,631	(55,081)	2,366,550	2,366,547	3	
Grades 6-8 - Salaries of Teachers	1,990,144	(90,857)	1,899,287	1,894,576	4,711	
Regular Programs - Home Instruction:						
Salaries of Teachers	1,750	188	1,938	1,619	319	
Purchased Professional-Educational Services	2,000		2,000	1,912	88	
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	23,215	(2,390)	20,825	20,730	95	
Purchased Professional-Educational Services	48,887	190,241	239,128	220,170	18,957	
Other Purchased Services (400-500 series)	64,648	(17,000)	47,648	47,348	300	
General Supplies	155,069	57,267	212,336	204,562	7,773	
Textbooks	121,413	1,254	122,667	120,589	2,078	
Other Objects	6,765	141	6,906	4,771	2,136	
Other Undistributed Instruction		22,786	22,786	22,786	0	
TOTAL REGULAR PROGRAMS - INSTRUCTION	5,295,245	63,967	5,359,212	5,321,658	37,554	
Special Education Instruction - Multiple Disabilities						
Salaries of Teachers	57,360	(2,775)	54,585	54,580	5	
Other salaries for instruction	22,065	(22,060)	5	5	5	
Purchased Professional-Educational Service	1,555		1,555	1,555		
General Supplies	514		514	514		
Total Multiple Disabilities	81,494	(24,835)	56,659	56,649	10	
Special Education Instruction - Resource Room/Resource Center						
Salaries of Teachers	927,686	35,497	963,183	962,750	433	
Purchased Professional-Educational Services		67,149	67,149	66,853	296	
General Supplies	3,988	(200)	3,788	3,788		
Other Salaries for Instruction	23,313	29,560	52,873	52,755	118	
Total Resource Room/Resource Center	954,987	132,006	1,086,993	1,086,146	847	
Special Education Instruction - Preschool Disabilities - Full-Time						
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,036,481	107,171	1,143,652	1,142,794	858	
Basic Skills/Remedial - Instruction						
Salaries of Teachers	303,720		303,720	303,268	452	
General Supplies	3,492	(2,762)	730	385	345	
Total Basic Skills/Remedial - Instruction	307,212	(2,762)	304,450	303,653	797	

Rimmon Board of Education						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
School-Sponsored Cocurricular Activities - Instruction						
Salaries of Teachers	60,001	8,858	68,859	64,077	4,782	
General Supplies	3,275		3,275	2,271	1,004	
Other Objects	1,370		1,370	1,315	55	
Total School-Sponsored Cocurricular Activities - Instruction	64,646	8,858	73,504	67,663	5,841	
School-Sponsored Athletics - Instruction						
Salaries	47,060	398	47,458	47,458	0	
Purchased Services (300-500 series)	13,199	(6,934)	6,265	6,265		
Supplies and Materials	6,250	(134)	6,116	6,114	2	
Other Objects	3,760	(2,188)	1,572	1,546	27	
Total School-Athletics - Instruction	70,269	(8,858)	61,411	61,383	28	
Total Instructional Programs - Instruction	442,127	(2,762)	439,365	432,698	6,667	
TOTAL INSTRUCTION	6,773,853	168,376	6,942,229	6,897,150	45,078	
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	146,190	(65,100)	81,090	31,909	49,181	
Tuition to Private Schools for the Disabled - Within State	459,628	(39,019)	420,609	382,844	37,765	
Tuition Other			7,443		7,443	
Total Undistributed Expenditures - Instruction:	605,818	(104,119)	509,142	414,753	94,389	
Undist. Expend. - Attendance & Social Work						
Salaries	11,306	3,478	14,784	14,784		
Total Undist. Expend. - Attendance & Social Work	11,306	3,478	14,784	14,784		
Undist. Expend. - Health Services						
Salaries	191,045	(5,000)	186,045	183,306	2,739	
Purchased Professional and Technical Services	6,200		6,200	5,110	1,090	
Other Purchased Services (400-500 series)	1,232		1,232	1,115	118	
Supplies and Materials	8,044	1,000	9,044	6,663	2,381	
Total Undistributed Expenditures - Health Services	206,521	(4,000)	202,521	196,193	6,328	

Rumson Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries	248,677	75,989	324,666	324,308	358	
Purchased Professional - Educational Services	141,540	(29,407)	112,133	112,100	33	
Supplies and Materials	1,255	12,901	14,156	14,083	73	
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	391,472	59,483	450,955	450,492	463	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.						
Salaries	86,731	4,567	91,298	91,297	1	
Purchased Professional - Educational Services						
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	86,731	4,567	91,298	91,297	1	
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	168,120	34,100	202,220	199,149	3,071	
Purchased Professional - Educational Services	600	(600)				
Supplies and Materials	2,846	(21)	2,825	1,581	1,244	
Total Undist. Expend. - Guidance	171,566	33,479	205,045	200,730	4,315	
Undist. Expend. - Child Study Teams						
Salaries	375,191	(190,472)	184,719	184,179	540	
Salaries of Secretarial and Clerical Assistants	46,618		46,618	46,618		
Other Salaries	121,039		121,039	121,039		
Purchased Professional - Educational Services	5,000	(1,853)	3,147	50	3,097	
Misc Per Serv (400-500 series O/than Resid Costs)	6,251		6,251	2,861	3,390	
Total Undist. Expend. - Child Study Teams	433,060	(71,286)	361,774	354,747	7,027	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	112,000	3,000	115,000	115,000		
Salaries of Other Professional Staff	31,465	136	31,601	31,596	5	
Salaries of Secretarial and Clerical Assistants	31,477	0	31,477	31,477	0	
Other Purchased Services (400-500 series)	6,251	(1,037)	5,214	4,293	921	
Supplies and Materials	15,600	(99)	15,501	15,500	1	
Total Undist. Expend. - Improvement of Inst. Services	196,793	2,000	198,793	197,866	927	
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	113,239	(16,401)	96,839	91,732	5,107	
Salaries of Technology Coordinators	86,924		86,924	80,877	6,047	
Purchased Professional - Technical Services	11,234	14,686	25,920	17,262	8,658	
Other Purchased Services (400-500 series)	17,961		17,961	436	17,525	
Supplies and Materials	11,826	(1,236)	10,590	8,849	1,741	
Other Objects	600	(37)	563	563		
Total Undist. Expend. - Educational Media Serv./Sch. Library	241,784	(2,987)	238,797	199,719	39,078	

Rimmon Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
Undist. Expend. - Instructional Staff Training Serv.						
Salaries of Other Professional Staff	980		980	980		
Salaries of Secretarial and Clerical Assistants	20,985		20,985	20,985	0	
Purchased Professionals - Educational Services	64,892	10,674	75,566	75,565	1	
Other Purchased Services (400-500 series)	11,500	(4,093)	7,407	7,406	1	
Supplies and Materials	2,000	13,392	15,392	13,635	1,757	
Other Objects	500	(413)	87	87		
Total Undist. Expend. - Instructional Staff Training Serv.	99,877	20,540	120,417	118,658	1,759	
Undist. Expend. - Supp. Serv. - General Administration						
Salaries	229,852	(3,625)	226,227	226,227		
Legal Services	30,000	(9,543)	20,457	20,457		
Audit Fees	16,152	(1,152)	15,000	15,000		
Other Purchased Professional Services	4,927	(897)	4,030	3,720	310	
Purchased Technical Services	5,020	(56)	4,964	4,964		
Communications/Telephone	35,115	(4,814)	30,301	30,301		
BOE Other Purchased Services	3,000	(1,501)	1,499	1,499		
Other Purchased Services (400-500 series)	41,849	1,756	43,605	43,605		
General Supplies	3,000	(589)	2,411	2,411		
Misc Expenditures	6,585	474	7,059	7,059		
Judgments Against District	93,310		93,310	93,310		
BOE Membership Dues and Fees	11,272	(1,801)	9,471	9,471		
Total Undist. Expend. - Supp. Serv. - General Administration	386,772	71,563	458,335	458,025	310	
Undist. Expend. - Support Serv. - School Administration						
Salaries of Principals/Assistant Principals	253,166		253,166	253,166		
Salaries of Secretarial and Clerical Assistants	166,707	(2,437)	164,270	145,617	18,653	
Purchased Professional and Technical Services	27,800		27,800	16,656	11,144	
Other Purchased Services (400-500 series)	4,800	1,302	6,102	6,101	1	
Supplies and Materials	13,907	8,250	22,157	18,515	3,642	
Other Objects	2,000	1,706	3,706	3,294	411	
Total Undist. Expend. - Support Serv. - School Administration	468,380	8,820	477,200	443,349	33,851	
Undistributed Expenditures-Central Services						
Salaries	244,572		244,572	243,753	819	
Purchased Professional Services	3,000	(1,344)	1,656	1,348	309	
Misc Pur Serv (400-500 series Other Resid Costs)	1,260		1,260	1,259	1	
Supplies and Materials	5,559	(3,237)	2,322	2,322	0	
Misc Exp.	5,975		5,975	5,604	371	
Total Undistributed-Central Services	260,366	(4,581)	255,785	254,286	1,500	

Rumson Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
Undistributed Expenditures-Admin. Info. Tech.						
Salaries	17,680	10,000	27,680	20,731	6,949	
Purchased Professional Services	7,500	-7,500				
Purchased Technical Services	12,509	-99	12,410	12,410		
Other Purchased Services	5,600	2,285	7,885	7,885	0	
Supplies and Materials	2,000	-1,958	42	42		
Total Undistributed Expenditures-Admin. Info. Tech.	45,289	2,728	48,017	41,067	6,950	
Undist. Expend. - Required Maint. for School Facilities						
Cleaning, Repair and Maintenance Services	120,000	34,375	154,375	140,982	13,393	
General Supplies	15,000	2,600	17,600	15,704	1,896	
Other Objects	3,000		3,000	1,496	1,504	
Required Maintenance Update		5,000	5,000	4,179	821	
Undist. Expend. - Required Maint. for School Facilities	138,000	36,975	179,975	162,362	17,613	
Undist. Expend. - Custodial Services						
Salaries	453,452		453,452	437,883	15,569	
Salaries of Non-Instructional Aides	13,860	(6,929)	6,931		6,931	
Purchased Professional and Technical Services	18,200		18,200	13,826	3,375	
Cleaning, Repair and Maintenance Services	28,035	4,427	32,462	29,048	3,415	
Other Purchased Property Services	30,800	648	31,448	31,448	0	
Insurance	64,336		64,336	62,544	1,792	
General Supplies	47,000		47,000	41,291	5,709	
Energy (Natural Gas)	100,000		100,000	79,977	20,023	
Energy (Electricity)	148,000	12,000	160,000	141,059	18,941	
Other Objects	9,090	1,000	10,090	9,408	682	
Total Undist. Expend. - Custodial Services	912,773	10,146	922,919	846,482	76,437	
Undistributed Expenditures-Care & Upkeep of Grounds						
Salaries	36,984	(2,400)	34,584	34,584		
Purchased Professional and Technical Services	23,000	(4,457)	18,543	18,542	1	
Cleaning, Repair and Maintenance Services		29,120	29,120	29,118	2	
General Supplies	7,500	(2,263)	5,237	3,156	2,081	
Undistributed Expenditures-Care & Upkeep of Grounds	67,484	20,000	87,484	85,400	2,084	

Rimmon Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
Undistributed Expenditures-Security						
Purchased Professional and Technical Services	10,000	1,720	11,720	11,388	332	
General Supplies	7,675	(1,720)	5,955	1,106	4,849	
Undistributed Expenditures-Security	17,675		17,675	12,494	5,181	
Undist. Expend. - Student Transportation Services						
Other Purchased Professional & Technical Services	3,950	(3,950)				
Contracted Services - Aid in Lieu of Payments-Non Public	50,000	(32,000)	18,000	14,709	3,291	
Contract Services (Between Home & School)-Vendors	338,074	40,723	378,797	374,365	4,432	
Contract Services (Other than Between Home & School)-Vendors	2,000	700	2,700	1,575	1,125	
Contracted Services (Special Ed. Students)-Vendors	54,992		54,992	54,434	558	
Contracted Services (Special Ed. Students)-Joint	400,000	(80,223)	319,777	192,197	127,580	
General Supplies	300	100	400	350	50	
Other Student Transportation		3,950	3,950	700	3,250	
Total Undist. Expend. - Student Transportation Services	849,316	(74,650)	778,616	638,330	140,287	
UNALLOCATED BENEFITS						
Social Security Contributions	191,110	(10)	191,100	158,497	32,603	
Other Retirement Contributions-Regular	156,555		156,555	139,295	17,260	
Unemployment Compensation	25,000		25,000		25,000	
Workmen's Compensation	112,490		112,490	105,528	6,962	
Health Benefits	2,795,033		2,795,033	2,489,698	305,335	
Tuition Reimbursement	26,442		26,442	9,114	17,329	
Other Employee Benefits	18,091	14,728	32,819	19,301	13,519	
Unused Sick Payment to Terminated or Retired Staff	14,718	(14,718)				
TOTAL UNALLOCATED BENEFITS	3,339,439		3,339,439	2,921,433	418,006	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				722,924	(722,924)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				624,185	(624,185)	
On-behalf TPAF NCGI Premium (non-budgeted)				26,193	(26,193)	
TPAF LTIDI Contribution (On-Behalf - Non-Budgeted)				789	(789)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				537,515	(537,515)	
TOTAL ON-BEHALF CONTRIBUTIONS				1,911,606	(1,911,606)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,339,439		3,339,439	4,833,039	(1,493,600)	
TOTAL UNDISTRIBUTED EXPENDITURES	8,930,422	12,155	8,958,970	10,014,071	(1,055,101)	
TOTAL GENERAL CURRENT EXPENSE	15,704,275	196,923	15,901,198	16,911,221	(1,010,023)	

Rimmon Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment						
Undistributed Expended-Instruction	11,787		11,787	3,924	7,863	7,863
Total Equipment	11,787		11,787	3,924	7,863	7,863
Facilities Acquisition and Construction Services						
Construction Serv.	215,000		215,000	170,368	44,632	44,632
Assessment for Debt Service on SDA	21,418		21,418	21,418		
Total Facilities Acquisition and Construction Services	236,418		236,418	191,786	44,632	44,632
TOTAL CAPITAL OUTLAY	248,205		248,205	195,710	52,495	52,495
TOTAL EXPENDITURES	15,952,480	196,923	16,149,403	17,106,931	(957,528)	(957,528)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(642,446)	(196,923)	(839,369)	336,749	1,176,118	1,176,118
Other Financing Sources (Uses):						
Operating Transfer Out:						
Capital Reserve - Transfer to Capital Projects Fund						
Total Other Financing Sources (Uses):						
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(642,446)	(196,923)	(839,369)	336,749	1,176,118	1,176,118
Fund Balance, July 1	2,592,728		2,592,728	2,592,728		
Fund Balance, June 30	1,950,282	(196,923)	1,753,359	2,929,477	1,176,118	1,176,118

Rumson Board of Education Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
Recapitulation of excess (deficiency) of revenues under expenditures:						
Adjustment for Prior Year Encumbrances		(48,008)	(48,008)	(48,008)		
Increase in Capital Reserve - Principal				52,492	52,492	
Increase in Maintenance Reserve - Principal				75,000	75,000	
Budgeted Withdrawal from Emergency Reserve	(100,000)		(100,000)	(100,000)		
Budgeted Withdrawal from Maintenance Reserve	(138,000)		(138,000)	(138,000)		
Budgeted Withdrawal from Capital Reserve	(200,000)		(200,000)	(155,368)	44,632	
Budgeted Fund Balances	(204,446)	(148,915)	(353,361)	650,633	1,003,994	
	(642,446)	(196,923)	(839,369)	336,749	1,176,118	
Recapitulation:						
Restricted Fund Balance:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				681,402		
Reserved - Excess Surplus				857,232		
Maintenance Reserve				169,000		
Capital Reserve				133,989		
Capital Reserve-Designated for Subsequent Year's Expenditures				540,000		
Emergency Reserve				50,000		
Emergency Reserve-Designated for Subsequent Year's Expenditures				50,000		
Assigned Fund Balance:						
Year end Encumbrances				1,858		
Unassigned Fund Balance				445,996		
Total				2,929,477		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(37,064)		
Fund Balance per Governmental Funds (GAAP)				2,892,413		

**Rumson School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		176,019	176,019	168,684	(7,335)
State Sources	130,000	49,870	179,870	174,358	(5,512)
Federal Sources	326,536	62,055	388,591	367,656	(20,935)
Total Revenues	456,536	287,944	744,480	710,698	(33,782)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	30,203	73,844	104,047	97,592	6,455
Purchased Professional and Technical Services	103,851	(69,446)	34,405	23,847	10,558
Other Purchased Services	155,467		155,467	155,467	
General Supplies	7,258	204,262	211,520	202,834	8,686
Textbooks	16,550	2,990	19,540	17,806	1,734
Other Objects		998	998		998
Total Instruction	313,329	212,648	525,977	497,546	28,431
Support Services:					
Salaries of Other Professional Staff	26,086	4,424	30,510	30,394	116
Employee Benefits		5,967	5,967	5,679	288
Purchased Professional & Technical Services	45,000	2,094	47,094	47,967	(873)
Purchased Professional - Educational Services	22,218	(464)	21,754	21,236	518
Other Purchased Services (400-500 series)		2,262	2,262	2,262	
Supplies & Materials	7,536	21,271	28,807	28,544	263
Other Objects	42,367	39,742	82,109	77,070	5,039
Total Support Services	143,207	75,296	218,503	213,152	5,351
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	456,536	287,944	744,480	710,698	33,782
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**Rumson School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2017**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	17,443,680	710,698
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			-
Less Current Year Encumbrances			-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		35,927	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).			
		(37,064)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	17,442,543	710,698
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	17,106,931	710,698
Differences - budget to GAAP			
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			-
Less Current Year Encumbrances			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	17,106,931	710,698

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Exhibit L-1

**Rumson School District
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
Last 10 Fiscal Years***

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll - PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Proportion Share of the Net Pension Liability (Asset)	
2015	0.0164744513%	\$ 3,084,468	\$ 3,084,468	286.79%	1,075,530	42.74%		
2016	0.0165349470%	3,603,688	3,603,688	347.44%	1,037,217	38.21%		
2017	0.0153094500%	4,534,221	4,534,221	417.76%	1,085,370	40.14%		

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Exhibit L-2

**Rumson School District
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
Last 10 Fiscal Years***

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution		Contractually Required Contributions				
2015	\$ 151,996	\$ 151,996	\$ 151,996	\$ -	\$ 1,075,530	14.13%	
2016	141,523	141,523	141,523	-	1,037,217	13.64%	
2017	136,007	136,007	136,007	-	1,085,370	12.53%	

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**Rumson School District
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
Last 10 Fiscal Years***

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)		District's Covered Payroll -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
	2015	0.0640243081%	\$	-	\$	34,218,909	\$ 6,413,136	18.74%
2016	0.0635199318%	\$	-	\$	40,147,309	6,632,631	16.52%	28.71%
2017	0.0642008613%	\$	-	\$	50,504,485	7,521,299	14.89%	22.33%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**Rumson School District
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

Rumson School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1a)	Title I	Title II Part A	Non-Public Security	Totals 2017
REVENUES					
Local Sources	168,684				168,684
State Sources	157,408			16,950	174,358
Federal Sources	244,027	99,973	23,656		367,656
Total Revenues	570,119	99,973	23,656	16,950	710,698
EXPENDITURES:					
Instruction:					
Salaries of Teachers	23,360	74,232			97,592
Purchased Professional and Technical Services	21,600	2,247			23,847
Other Purchased Services (400-500 series)	155,467				155,467
General Supplies	185,276	17,558			202,834
Textbooks	17,806				17,806
Total Instruction	403,509	94,037			497,546
Support Services:					
Salaries of Other Professional Staff	30,394				30,394
Employee Benefits		5,679			5,679
Purchased Professional & Technical Services	47,967				47,967
Purchased Professional - Educational Services	3,000		18,236		21,236
Other Purchased Services (400-500 series)			2,262		2,262
Supplies & Materials	8,179	257	3,158	16,950	28,544
Other Objects	77,070				77,070
Total Support Services	166,610	5,936	23,656	16,950	213,152
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	570,119	99,973	23,656	16,950	710,698
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**Rumson School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017**

	IDEA PART B				Ch. 192 - Aux. Services		Total Carried Forward
	Total Brought Forward (Ex. E-1b)	Basic	Preschool	Non-Public Textbook	Home Instruction	Compensatory Education	
REVENUES							
Local Sources	168,684						168,684
State Sources	116,242	233,848	10,179	17,806	1,413	21,947	157,408
Federal Sources							244,027
Total Revenues	284,926	233,848	10,179	17,806	1,413	21,947	570,119
EXPENDITURES:							
Instruction:							
Salaries of Teachers							23,360
Purchased Professional and Technical Services		18,600	3,000		1,413	21,947	21,600
Other Purchased Services (400-500 series)		155,467					155,467
General Supplies	177,462	2,814	5,000				185,276
Textbooks				17,806			17,806
Total instruction	177,462	176,881	8,000	17,806	1,413	21,947	403,509
Support services:							
Salaries of Other Professional Staff	30,394						30,394
Employee Benefits							
Purchased Professional & Technical Services		47,967					47,967
Purchased Professional - Educational Services		3,000					3,000
Other Purchased Services (400-500 series)							
Supplies & Materials		6,000	2,179				8,179
Other Objects	77,070						77,070
Total support services	107,464	56,967	2,179				166,610
Facilities acquisition and const. serv.:							
Instructional Equipment							
Total facilities acquisition and const. serv.							
Total Expenditures	284,926	233,848	10,179	17,806	1,413	21,947	570,119
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

**Rumson School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017**

	Ch. 193 - Handicapped Services					Total Carried Forward
	Non-Public Technology	Non-Public Supplemental Instruction	Non-Public Exam & Classification	Non-Public Corrective Speech	Non-Public Nursing	
REVENUES						
Local Sources	8,778	20,875	37,288	18,907	30,394	168,684
State Sources						116,242
Federal Sources						
Total Revenues	8,778	20,875	37,288	18,907	30,394	168,684
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Other Purchased Services (400-500 series)	8,778					168,684
General Supplies						
Textbooks						
Total Instruction	8,778	-	-	-	-	177,462
Support Services:						
Salaries of Other Professional Staff					30,394	30,394
Employee Benefits						
Purchased Professional & Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services (400-500 series)		20,875	37,288	18,907		77,070
Supplies & Materials						
Other Objects						
Total Support Services	-	20,875	37,288	18,907	30,394	107,464
Facilities Acquisition and Const. Serv.:						
Instructional Equipment						
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-
Total Expenditures	8,778	20,875	37,288	18,907	30,394	168,684
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

CAPITAL PROJECTS FUND

Rumson School District
Capital Project Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2017

Revenues and other financing sources:

Cancelled Accounts Payable	1,159
Total revenues and other financing sources	1,159
Excess (deficiency) of revenues over (under) expenditures	1,159
Fund balance - beginning	4,575
Fund balance - ending	\$ 5,734

Rumson School District
Capital Project Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Replacement Windows and Doors - Deane-Porter and Forrestdale School
From Inception and For the Year Ended For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	694,000	-	694,000	694,000
Total revenues	<u>694,000</u>	<u>-</u>	<u>694,000</u>	<u>694,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	19,575	-	19,575	19,575
Construction Services	671,905	-	671,905	671,905
Total expenditures	<u>691,480</u>	<u>-</u>	<u>691,480</u>	<u>691,480</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>2,520</u>	\$ <u>-</u>	\$ <u>2,520</u>	\$ <u>2,520</u>

Additional project information:

Project Number	4570-040-13-1000
Project Date	NA
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$694,000
Revised Authorized Cost	\$694,000
Percentage Increase over Original Authorized Cost	0%
Percentage completion	100%
Original target completion date	9/30/2013
Revised target completion date	9/30/2014

Rumson School District
Capital Project Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Renovation of Forrestdale School Science Laboratory
From Inception and For the Year Ended For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
NJSDA Grant	134,602		134,602	134,602
Donations	134,765		134,765	134,765
Bond Proceeds and Transfers	<u>67,546</u>	-	<u>67,546</u>	<u>67,546</u>
Total revenues	<u>336,913</u>	<u>-</u>	<u>336,913</u>	<u>336,913</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	37,312	(1,159)	36,153	36,153
Construction Services	<u>297,546</u>	-	<u>297,546</u>	<u>297,546</u>
Total expenditures	<u>334,858</u>	<u>(1,159)</u>	<u>333,699</u>	<u>333,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,055</u>	<u>\$ 1,159</u>	<u>\$ 3,214</u>	<u>\$ 3,214</u>

Additional project information:

Project Number	4570-050-09-0ZVE
Project Date	5/27/2010
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$497,160
Revised Authorized Cost	\$336,913
Percentage Decrease under Original Authorized Cost	
	-32%
Percentage completion	
	100%
Original target completion date	
	8/31/2010
Revised target completion date	
	6/30/2015

**Rumson School District
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations June 30, 2017
			Prior Years	Expenditures to Date Current Year	
Replacement Windows and Doors - Deane-Porter and Forrestdale School		694,000	691,480		2,520
Renovation of Forrestdale School Science Laboratory	5/27/2010	336,913	333,699		3,214
Totals		\$ 1,030,913	\$ 1,025,179	\$ -	\$ 5,734

PROPRIETARY FUNDS

Rumson School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

	<u>Food Service Program</u>	<u>Rumson After School Program</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	54,059	46,833	100,892
Inventory	1,796		1,796
Total Current Assets	<u>55,855</u>	<u>46,833</u>	<u>102,688</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	222,260		222,260
Less Accumulated Depreciation	<u>(167,614)</u>		<u>(167,614)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>54,646</u>		<u>54,646</u>
Total Assets	<u><u>110,501</u></u>	<u><u>46,833</u></u>	<u><u>157,334</u></u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	54,646		54,646
Unrestricted	<u>55,855</u>	<u>46,833</u>	<u>102,688</u>
Total Net Position	<u><u>110,501</u></u>	<u><u>46,833</u></u>	<u><u>157,334</u></u>

Rumson School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

	<u>Food Service Program</u>	<u>Rumson After School Program</u>	<u>Totals</u>
Operating Revenues:			
Charges for Services:			
Daily Sales	516,390		516,390
Miscellaneous		53,620	53,620
Total Operating Revenues	<u>516,390</u>	<u>53,620</u>	<u>570,010</u>
Operating Expenses:			
Salaries	263,212		263,212
Other Employee Benefits	29,021		29,021
Cost of Sales	209,414		209,414
Supplies and Materials	10,736		10,736
Management Fee	15,000		15,000
Depreciation Expense	14,256		14,256
Insurance	15,150		15,150
Miscellaneous	6,444	46,831	53,275
Total Operating Expenses	<u>563,233</u>	<u>46,831</u>	<u>610,064</u>
Operating Income (Loss)	<u>(46,843)</u>	<u>6,789</u>	<u>(40,054)</u>
Transfers In (Out)			-
Change in Net Assets	<u>(46,843)</u>	<u>6,789</u>	<u>(40,054)</u>
Total Net Position—Beginning, as previously reported	223,290	(25,902)	197,388
Prior Period Adjustment -			
Correction of error	(65,946)	65,946	-
Total Net Position—Beginning, as restated	<u>157,344</u>	<u>40,044</u>	<u>197,388</u>
Total Net Position—Ending	<u>110,501</u>	<u>46,833</u>	<u>157,334</u>

**Rumson School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017**

	<u>Food Service Program</u>	<u>Rumson After School Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	516,390	53,620	570,010
Payments for Salaries	(263,212)		(263,212)
Payments to Vendors	(290,362)	(46,831)	(337,193)
Net Cash Provided by (Used for) Operating Activities	<u>(37,184)</u>	<u>6,789</u>	<u>(30,395)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	(65,946)		(65,946)
Transfers from Other Funds		65,946	65,946
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(65,946)</u>	<u>65,946</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(20,506)		(20,506)
Net Cash Provided by (Used for) Capital Financing Activities	<u>(20,506)</u>	<u>-</u>	<u>(20,506)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(123,636)	72,735	(50,901)
Balances—Beginning of Year	177,695	(25,902)	151,793
Balances—End of Year	<u>54,059</u>	<u>46,833</u>	<u>100,892</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(46,843)	6,789	(40,054)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	14,256		14,256
Decrease/(Increase) in Inventory	(159)		(159)
(Decrease)/Increase in Accounts Payable	(4,438)		(4,438)
Total Adjustments	<u>9,659</u>	<u>-</u>	<u>9,659</u>
Net Cash Provided by (Used for) Operating Activities	<u>(37,184)</u>	<u>6,789</u>	<u>(30,395)</u>

FIDUCIARY FUND

**Rumson School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Fiduciary Funds					
	Student Activity	Payroll Agency	Net Salary	Unemployment Compensation Trust Fund	Total 2017	
ASSETS						
Cash and cash equivalents	109,547	\$ 29,804	\$ 9,333	48,753	197,437	
Total assets	<u>109,547</u>	<u>29,804</u>	<u>9,333</u>	<u>48,753</u>	<u>197,437</u>	
LIABILITIES						
Payable to student groups	109,547				109,547	
Payroll deductions and withholdings		29,804	9,333		39,137	
Total liabilities	<u>109,547</u>	<u>29,804</u>	<u>9,333</u>	<u>-</u>	<u>148,684</u>	
NET POSITION						
Held in trust for unemployment claims and other purposes				<u>48,753</u>	<u>48,753</u>	

Rumson School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Unemployment Compensation Trust Fund	Totals
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Member	\$ 1,618	1,618
Total Contributions	<u> 1,618</u>	<u> 1,618</u>
Investment earnings:		
Interest		
Net investment earnings	123	123
Total additions	<u> 1,741</u>	<u> 1,741</u>
DEDUCTIONS		
Unemployment Claims	<u> 34,129</u>	<u> 34,129</u>
Total deductions	<u> 34,129</u>	<u> 34,129</u>
Change in net assets	(32,388)	(32,388)
Net position - beginning of the year	81,141	81,141
Net position - end of the year	<u><u> \$ 48,753</u></u>	<u><u> \$ 48,753</u></u>

**Rumson School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Year Ended June 30, 2016**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
ELEMENTARY SCHOOLS:					
Forrestdale	73,900	135,315	126,964		82,251
Deane-Porter	<u>24,207</u>	<u>18,416</u>	<u>15,327</u>		<u>27,296</u>
	<u>98,107</u>	<u>153,731</u>	<u>142,291</u>	<u>-</u>	<u>109,547</u>

**Rumson School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Payroll Deductions and Withholdings	20,892	10,602,286	10,593,374	29,804
	<u>20,892</u>	<u>10,602,286</u>	<u>10,593,374</u>	<u>29,804</u>

LONG-TERM DEBT

**Rumson School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2017**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
2008 Refunding School Bonds	8/15/2008	\$ 2,745,000	5/01/2018	\$ 245,000	5.000%	\$ 500,000		255,000	\$ 245,000
2009 Serial Bonds	5/19/2009	1,257,000	2/01/2018	90,000	4.000%				
			2/01/2019	95,000	4.000%				
			2/01/2020	100,000	4.125%				
			2/01/2021	100,000	4.125%				
			2/01/2022	105,000	4.125%				
			2/01/2023	110,000	4.125%				
			2/01/2024	117,000	4.125%	802,000		85,000	717,000
2013 Refunding School Bonds	5/15/2013	4,535,000	9/01/2017	330,000	3.000%				
			9/01/2018	620,000	3.000%				
			9/01/2019	670,000	4.000%				
			9/01/2020	690,000	4.000%				
			9/01/2021	715,000	4.000%				
			9/01/2022	720,222	4.000%	4,025,000		280,000	3,745,000
						\$ 5,327,000	-	620,000	\$ 4,707,000

**Rumson School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	722,225		722,225	722,225	-
State Sources:					
Debt Service Aid Type II	99,895		99,895	99,895	-
Total - State Sources	99,895		99,895	99,895	-
Total Revenues	822,120		822,120	822,120	-
EXPENDITURES:					
Regular Debt Service:					
Interest	202,120		202,120	202,120	-
Redemption of Principal	620,000		620,000	620,000	-
Total Regular Debt Service	822,120		822,120	822,120	-
Total expenditures	822,120		822,120	822,120	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-		-	-	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-		-	-	-
Fund Balance, July 1	-		-	-	-
Fund Balance, June 30	-		-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-		-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

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Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

Borough of Rumson School District
Net Position by Component
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	4,895,332	4,654,658	5,678,995	6,301,896	6,563,022	7,119,583	8,076,411	4,720,542	4,254,125	4,324,181
Restricted	361,398	2,092,491	1,654,525	1,529,909	1,979,029	2,417,359	1,955,546	1,765,187	2,155,894	2,489,215
Unrestricted	(51,441)	(17,944)	4,824	185,970	194,255	202,580	209,395	(3,039,544)	(3,297,369)	(3,591,275)
Total Governmental Activities Net Assets	5,205,289	6,729,205	7,338,344	8,017,775	8,736,306	9,739,522	10,241,352	3,446,185	3,112,650	3,222,121
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	49,048	89,126	78,420	67,714	70,116	67,867	64,957	56,427	48,396	54,646
Restricted	-	28,189	-	47,488	50,406	90,076	124,116	132,610	174,894	102,688
Unrestricted	31,069	-	29,877	-	-	-	-	-	-	-
Total Business-type Activities Net Assets	80,117	117,315	108,297	115,202	120,522	157,943	189,073	189,037	223,290	157,334
District-wide										
Invested in Capital Assets, Net of Related Debt	4,944,380	4,743,784	5,757,415	6,369,610	6,633,138	7,187,450	8,141,368	4,776,969	4,302,521	4,378,827
Restricted	361,398	2,092,491	1,654,525	1,529,909	1,979,029	2,417,359	1,955,546	1,765,187	2,155,894	2,489,215
Unrestricted	(20,372)	10,245	34,701	233,458	244,661	292,656	333,511	(2,906,934)	(3,122,475)	(3,488,587)
Total District Net Assets	5,285,406	6,846,520	7,446,641	8,132,977	8,856,828	9,897,465	10,430,425	3,635,222	3,335,940	3,379,455

Source: CAFR Schedules A-1

* GASB requires that ten years of statistical data be presented.

Borough of Rumson School District
Changes in Net Position
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction:										
Regular	(6,834,858.94)	(6,497,117.15)	(6,784,928.93)	(7,230,472.88)	(7,217,176.66)	(5,073,182.07)	(5,248,664.42)	(5,015,205.00)	(5,301,714.00)	(5,356,025)
Special Education	(1,691,691.17)	(1,708,051.53)	(1,493,807.84)	(1,671,371.00)	(1,567,341.69)	(985,393.94)	(1,017,118.09)	(1,390,056.00)	(1,279,269.00)	(1,640,340)
Other Special Education	(113,937.79)	(108,124.86)	(108,827.38)	(70,066.70)	(62,167.11)	(55,892.53)	(58,068.14)	(54,378.00)	(189,771.00)	(303,653)
Other Instruction	(57,975.28)	(68,893.50)	(52,362.45)	(53,319.58)	(57,406.38)	(55,166.90)	(57,722.23)	(55,866.00)	(90,437.00)	(129,045)
Support Services:										
Tuition	(193,168.64)	(263,496.93)	(359,495.27)	(654,430.33)	(562,548.31)	(466,294.58)	(470,232.60)	(432,509.00)	(429,648.00)	(414,753)
Student & Instruction Related Services	(1,907,388.96)	(1,735,785.73)	(1,971,520.19)	(1,744,226.27)	(1,796,447.17)	(1,739,874.45)	(1,796,507.39)	(1,834,965.00)	(1,971,256.00)	(2,037,637)
School Administrative Services	(630,617.62)	(639,839.88)	(631,567.89)	(659,607.37)	(658,884.15)	(401,233.51)	(396,896.44)	(568,425.00)	(512,764.00)	(443,349)
General Administrative Services	(518,702.29)	(473,475.34)	(575,132.70)	(488,448.57)	(585,688.09)	(473,433.28)	(568,845.95)	(864,183.00)	(796,344.00)	(458,025)
Central Services	(273,437.20)	(300,995.18)	(297,474.18)	(325,811.47)	(313,389.60)	(316,016.04)	(301,781.92)	(254,286)	(254,286)	(254,286)
Admin. Info. Technology	(101,871.38)	(112,622.38)	(113,406.84)	(126,386.35)	(137,235.22)	(99,305.30)	(110,880.63)	(41,067)	(41,067)	(41,067)
Plant Operations and Maintenance	(1,249,234.52)	(1,242,920.03)	(1,302,814.92)	(1,316,259.03)	(1,391,086.06)	(1,050,906.15)	(1,124,753.87)	(1,166,708.00)	(1,132,554.00)	(1,106,738)
Pupil Transportation	(503,718.14)	(513,302.60)	(540,902.03)	(594,626.01)	(648,812.94)	(794,566.76)	(806,427.55)	(676,138.00)	(716,879.00)	(638,330)
Employee Benefits									(4,467,248.00)	(8,269,297)
Non-depreciable Capital Outlay									(618,832.00)	(20,259)
Interest on Long-term Debt	(379,242.50)	(307,874.09)	(372,900.57)	(357,149.72)	(335,391.40)	(285,839.02)	(283,245.21)	(218,024.00)	(217,296.00)	(178,444)
Unallocated Depreciation									(537,189.00)	(620,234)
Amortization of Loss on Debt Issuance										
Total Governmental Activities Expenses	(14,455,844.43)	(13,972,499.20)	(14,605,141.19)	(15,192,175.28)	(15,333,574.78)	(15,898,570.27)	(16,487,910.69)	(16,913,215.00)	(18,296,736.00)	(21,911,482)
Business-type Activities:										
Food Service	(344,037.48)	(275,796.52)	(266,413.35)	(257,664.94)	(270,566.50)	(340,024.40)	(388,172.92)	(433,077.00)	(431,607.00)	(563,233)
Rumson After School Academy	(31,165.80)	(30,259.50)	(26,574.50)	(54,765.00)	(68,593.00)	(47,378.00)	(39,997.00)			(46,831)
Total Business-type Activities Expenses	(375,203.28)	(306,056.02)	(292,987.85)	(312,429.94)	(339,159.50)	(387,402.40)	(428,169.92)	(433,077.00)	(431,607.00)	(610,064)
Total District Expenses	(14,831,047.71)	(14,278,555.22)	(14,898,129.04)	(15,504,605.22)	(15,672,734.28)	(16,285,972.67)	(16,916,080.61)	(17,346,292.00)	(18,728,343.00)	(22,521,546)
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	179,590.00	209,336.81	227,796.00	140,069.73	125,318.40	175,025.00	186,858.00	183,266.00	148,325.00	166,150
Operating Grants and Contributions			216,818.35	110,241.82	22,181.63	156,456.08	581,572.37	482,453.00	498,839.00	710,698
Capital Grants and Contributions			468,128.35	314,481.55	389,547.13	331,481.08	768,430.37	665,719.00	647,164.00	876,848
Total Governmental Activities Program Revenues	179,590.00	209,336.81	702,742.70	464,801.08	537,047.16	462,962.08	1,436,858.74	1,231,438.00	1,294,328.00	1,753,696
Business-type Activities:										
Charges for Services:										
Food Service	350,829.76	261,726.33	257,228.00	264,451.00	275,811.99	377,355.27	418,592.26	431,493.00	465,645.00	516,390
Rumson After School Academy	31,165.80	30,259.50	26,574.50	54,765.00	68,593.00	47,378.00	39,997.00			53,620
Capital Grants	50,792.25									
Total Business-type Activities Program Revenues	432,787.81	291,985.83	283,802.50	319,216.00	344,404.99	424,733.27	458,589.26	431,493.00	465,645.00	570,010
Total District Program Revenues	612,377.81	501,322.64	751,930.85	653,697.55	733,952.12	756,214.35	1,227,019.63	1,097,212.00	1,112,809.00	1,446,858

Borough of Rumson School District
Changes in Net Position
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	(14,276,254.43)	(13,763,162.39)	(14,137,012.84)	(14,877,693.73)	(14,944,027.65)	(15,567,089.19)	(15,719,480.32)	(16,247,496.00)	(17,649,572.00)	(21,034,634.00)
Business-type Activities	57,584.53	(14,070.19)	(9,185.35)	6,786.06	5,245.49	37,330.87	30,419.34	(1,584.00)	34,038.00	(40,054.00)
Total District-wide Net Expense	(14,218,669.90)	(13,777,232.58)	(14,146,198.19)	(14,870,907.67)	(14,938,782.16)	(15,529,758.32)	(15,689,060.98)	(16,249,080.00)	(17,615,534.00)	(21,074,688)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	11,287,723.00	11,689,061.00	12,357,424.22	12,851,720.00	13,095,904.00	13,419,218.00	13,687,602.00	13,961,354.00	14,315,581.00	14,745,047
Taxes Levied for Debt Service	488,472.00	654,813.00	670,163.78	731,047.00	744,316.00	757,759.00	755,187.00	688,205.00	680,692.00	722,225
Unrestricted/Restricted Federal and State Aid	2,419,309.19	2,019,560.53	1,978,150.65	1,617,786.53	1,842,429.57	2,295,818.73	1,671,332.82	2,051,159.00	2,275,085.00	5,590,162
Investment Earnings	75,311.65	16,682.66	13,497.26	8,262.19	4,359.45	4,442.74	1,261.76	4,077.00	5,354.00	86,671
Miscellaneous Income Transfers	38,328.35	50,167.57	26,915.71	48,311.09	(24,451.77)	93,006.67	39,810.61	(70,129.00)	39,325.00	86,671
Total Governmental Activities	14,309,144.19	14,430,284.76	15,046,151.62	15,257,126.81	15,662,557.25	16,570,245.14	16,155,194.19	16,634,666.00	17,316,037.00	21,144,105
Business-type Activities:										
Investment Earnings	1,852.75	482.73	166.83	119.43	74.32	89.97	710.92	140.00	215.00	-
Total Business-type Activities	1,852.75	482.73	166.83	119.43	74.32	89.97	710.92	140.00	215.00	-
Total District-wide	14,310,996.94	14,430,767.49	15,046,318.45	15,257,246.24	15,662,631.57	16,570,335.11	16,155,905.11	16,634,806.00	17,316,252.00	21,144,105
Change in Net Position										
Governmental Activities	32,889.76	667,122.37	909,138.78	379,433.08	718,529.60	1,003,155.95	435,713.87	387,170.00	(333,535.00)	109,471
Business-type Activities	59,437.28	(13,587.46)	(9,018.52)	6,905.49	5,319.81	37,420.84	31,130.26	(1,444.00)	34,253.00	(40,054)
Total District	92,327.04	653,534.91	900,120.26	386,338.57	723,849.41	1,040,576.79	466,844.13	385,726.00	(299,282.00)	69,417

Source: CAFR A-2

* GASB requires that ten years of statistical data be presented.

**Borough of Rumson School District
Fund Balances Governmental Funds
Last Ten Fiscal Years*
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	145,387	839,586	1,376,153							
Unreserved	470,352	358,788	331,337							
Restricted				1,022,726	1,855,058	1,855,058	1,813,639	1,642,940	2,094,713	2,481,623
Assigned				338,502	118,736	118,736	175,505	75,501	56,606	1,858
Unassigned				409,410	385,133	412,588	387,098	424,753	405,482	408,932
Total General fund	615,739	1,198,374	1,707,490	1,770,638	2,358,927	2,386,382	2,376,242	2,143,194	2,556,801	2,892,413
All Other Governmental Funds										
Reserved		6,674	392,170							
Restricted, Reported in:										
Capital Projects Fund				108,565	3,775	96,155	4,575	4,575	4,575	5,734
Debt Service Fund				1,391	69	20	42,172	42,171		
Unreserved, Reported in:										
Capital Projects Fund	54,804	1,182,322	147,662	54,666		494,846	136,829			
Debt Service	11,207	16,699	5,685	4,059	1,391	69	35,000			
Total Other Governmental Funds	66,011	1,205,695	545,517	168,681	5,235	591,090	218,576	46,746	4,575	5,734

Source: CAFR B-1

* GASB requires that ten years of statistical data be presented.

Borough of Rumson School District
Governmental Fund Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	11,776,195	12,343,874	13,027,588	13,582,767	13,840,220	14,176,977	14,442,789	14,649,559	14,996,273	15,467,272
Other Local Revenue	113,641	73,851	262,225	120,743	221,955	272,535	227,931	240,480	200,081	421,505
State Sources	2,365,070	1,886,316	1,840,515	1,454,908	1,690,058	2,049,422	1,944,286	2,199,264	2,412,972	2,718,928
Federal Sources	230,587	342,612	383,954	413,190	299,871	402,853	308,619	334,348	360,952	367,656
Total Revenues	14,485,493	14,646,653	15,514,282	15,571,608	16,052,104	16,901,787	16,923,625	17,423,651	17,970,278	18,975,361
Expenditures										
Instruction:										
Regular	4,223,133	4,143,871	4,263,165	4,652,973	4,587,897	5,073,182	5,248,644	5,015,205	5,128,700	5,321,658
Special	952,510	1,129,871	898,102	998,709	913,643	985,394	1,019,118	1,390,056	1,279,269	1,640,340
Other	104,358	100,908	101,363	63,012	54,606	55,893	58,068	54,378	189,771	303,653
School Sponsored/Other Inst.	53,069	65,197	47,010	49,706	53,534	55,167	57,722	55,866	90,437	129,045
Support Services:										
Speech	159,720	119,259	58,546	203,970	233,900					
Extraordinary	87,461	43,099	294,418		155,786					
Staff Training	56,497	57,529	63,283	46,071	97,627					
Instruction	193,169	263,497	359,495	554,430	562,548					
Students	1,152,363	1,020,014	944,300	997,249	762,947	2,206,168	2,114,762	2,267,474	2,400,904	2,452,390
Instructional Staff	86,045	85,105	91,271	69,065	138,203					
General Administration	422,616	441,850	474,964	382,550	414,612	401,234	396,896	568,425	796,344	458,025
School Administration	432,292	382,870	433,645	446,352	450,136	473,433	568,846	864,183	512,764	443,349
Central Services	233,289	258,605	249,325	272,821	259,767	316,016	301,782			254,286
Admin. Information Technology	81,797	91,427	88,936	99,891	110,424	99,305	110,881			41,067
Operations and Maintenance	1,030,835	1,023,736	1,029,102	1,023,519	1,093,192	1,105,820	1,274,754	1,166,708	1,132,554	1,106,738
Student Transportation	503,718	513,303	544,866	594,626	648,813	794,567	806,428	676,138	716,879	638,330
Business and Other Support Services	2,084,354	2,210,706	2,510,779	2,608,703	2,595,532	3,929,197	3,673,027	4,091,635	4,379,599	4,833,039
On-Behalf TPAF Pension Cont.	887,578	398,162	403,028	406,973	561,229					
Reimb. TPAF Social Security Cont.	447,315	437,202	450,089	478,058	462,039					
Capital Outlay	100,843	33,821	53,972	61,247	108,288	141,436	648,303	588,439	137,474	194,550
Special Revenue	359,703	479,255	519,279	522,490	411,855					
Debt Service:										
Principal	385,000	450,000	435,000	505,000	525,000	555,000	570,000	590,000	605,000	620,000
Interest and Other Charges	382,015	309,239	360,805	361,038	340,032	319,201	234,513	239,926	222,071	202,120
Total Governmental Fund Expenditures	14,419,680	14,058,526	14,674,843	15,398,453	15,541,610	16,511,013	17,083,744	17,568,433	17,591,766	18,638,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,813	588,127	839,439	173,155	510,494	390,774	(160,119)	(144,782)	378,512	336,771
Other Financing Sources (Uses)										
Operating Transfers In	4,427	1,605	128,177	1,391	32,522	594,020	100,000	25,239		
Operating Transfers Out	(3,480)		(128,177)	(1,391)	(32,522)	(594,020)	(100,000)	(148,505)	(7,077)	
Proceeds from Borrowing		1,257,000				5,155,338				
Proceeds from Refunding		2,847,224				(5,155,338)				
Payments to Escrow Agent		(2,847,224)								
Total Other Financing Sources (Uses)	947	1,258,605						(123,266)	(7,077)	
Net Changes in Fund Balance	66,760	1,846,732	839,439	173,155	510,494	390,774	(160,119)	(268,048)	371,435	336,771
Debt Service as a percentage of noncapital expenditures	5.36%	5.41%	5.44%	5.65%	5.60%	5.34%	4.89%	4.89%	4.74%	4.46%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services. (1) Prior to 2014 special revenue fund instruction was classified as regular instruction, this was corrected in 2014 to special education instruction.

Borough of Rumson School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Tuition	Interest Income	Miscellaneous	Total
2008	12,449	75,312	25,880	113,641
2009	26,829	23,683	23,339	73,851
2010	23,514	13,497	225,214	262,225
2011	64,170	8,262	48,311	120,743
2012	178,584	4,291	39,080	221,955
2013	175,025	4,443	93,067	272,535
2014	186,858	1,262	39,811	227,931
2015	183,266	4,077	53,137	240,480
2016	148,325	5,354	46,402	200,081
2017	166,150		86,671	252,821

Source: District records.

Borough of Rumson School District

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities Value	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	a	b	c	d	e	f	g	h	i	j	k	l	m
2007	31,304,000	2,680,775,700	6,051,700	32,300	102,473,300	0	3,588,500	2,824,225,500	0	1,202,538	2,825,428,038	2,671,610,268	0.749
2008	45,975,700	2,747,446,100	6,051,700	31,000	101,724,700	0	3,668,100	2,904,897,300	0	1,340,414	2,906,237,714	3,079,553,829	0.776
2009	42,970,900	2,802,888,200	6,051,700	32,600	102,395,500	0	1,494,800	2,955,833,700	0	1,626,628	2,957,460,328	3,765,682,073	0.802
2010	37,540,800	2,819,687,500	6,051,700	29,200	102,464,300	0	628,700	2,966,402,200	0	1,903,707	2,968,305,907	3,625,612,976	0.839
2011	38,412,300	2,807,299,400	6,307,600	32,000	102,610,100	0	628,700	2,955,290,100	0	1,405,766	2,956,695,866	3,482,171,902	0.837
2012	41,969,100	2,809,034,000	6,307,600	30,200	103,446,700	0	628,700	2,955,108,700	0	1,363,484	2,956,472,184	3,441,790,050	0.869
2013	54,489,000	2,757,376,100	2,973,000	26,800	99,895,900	0	628,700	2,912,416,500	0	1,277,630	2,913,694,130	3,334,509,190	0.903
2014	51,516,500	3,117,104,600	2,973,000	13,800	112,110,600	0	672,300	3,284,390,800	0	1,058,300	3,285,449,100	3,285,349,130	0.820
2015	47,011,900	3,192,319,600	7,361,700	25,000	80,679,000	0	31,338,400	3,388,735,600	0	1,124,732	3,389,860,332	3,359,860,332	0.818
2016	38,095,200	3,290,090,400	6,891,700	25,000	111,691,600	0	488,900	3,447,282,800	0	1,126,150	3,448,408,950	3,379,789,415	0.816

Source: Municipal Tax Assessor

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

(a) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

(b) Tax rates are per \$100 of assessed value.

Borough of Rumson School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation
Unaudited

Assessment Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and overlapping Tax Rate
		Total Direct Regional School Tax Rate	Rumson Borough	Monmouth County	
2007	0.402	0.347	0.281	0.328	1.358
2008	0.410	0.366	0.281	0.332	1.389
2009	0.441	0.361	0.302	0.327	1.431
2010	0.458	0.381	0.323	0.328	1.490
2011	0.468	0.379	0.332	0.329	1.508
2012	0.480	0.389	0.342	0.301	1.512
2013	0.496	0.407	0.359	0.346	1.608
2014	0.446	0.374	0.322	0.315	1.457
2015	0.446	0.372	0.329	0.306	1.453
2016	0.448	0.368	0.327	0.289	1.432

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 the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any adjustments.

- (a) The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net value
- (b) Rates for debt service are based on each year's requirements.

Borough of Rumson School District
 Schedule of Principal Taxpayers
 Current and Nine Years Ago
 Unaudited

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Taxpayer #1	31,055,000	1	0.95%	28,346,300	1	0.86%
Taxpayer #2	12,224,300	2	0.37%	11,475,900	2	0.35%
Taxpayer #3	9,625,100	3	0.29%	10,501,300	3	0.32%
Taxpayer #4	7,962,200	4	0.24%	9,499,200	4	0.29%
Taxpayer #5	7,760,000	5	0.24%	8,000,000	5	0.24%
Taxpayer #6	7,686,400	6	0.23%	7,100,000	6	0.22%
Taxpayer #7	7,245,400	7	0.22%	6,931,300	7	0.21%
Taxpayer #8	6,720,100	8	0.20%	6,450,000	8	0.20%
Taxpayer #9	6,554,100	9	0.20%	6,364,000	9	0.19%
Taxpayer #10	6,441,300	10	0.20%	6,325,000	10	0.19%
				0		
	<u>103,273,900</u>		<u>3.14%</u>	<u>100,993,000</u>		<u>3.07%</u>

Source: Municipal Tax Assessor's Office.

Borough of Rumson School District

**School Tax Levies and Collections
Last Ten Years
Unaudited**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2012	13,840,220	13,840,220	100.00%	
2013	14,176,977	14,176,977	100.00%	
2014	14,442,789	14,442,789	100.00%	
2015	14,649,559	14,649,559	100.00%	
2016	14,996,273	14,996,273	100.00%	
2017	15,467,272	15,467,272	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 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.

**Borough of Rumson School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2008	8,745,000	-	-	-	-	8,745,000	2.5%	1,204.88
2009	9,559,000	-	-	-	-	9,559,000	2.2%	1,317.03
2010	9,124,000	-	-	-	-	9,124,000	2.2%	1,248.32
2011	8,619,000	-	-	-	-	8,619,000	2.1%	1,212.24
2012	8,094,000	-	-	-	-	8,094,000	1.9%	1,142.41
2013	7,092,000	-	-	-	-	7,092,000	1.9%	1,006.39
2014	6,522,000	-	-	-	-	6,522,000	1.5%	931.05
2015	5,932,000	-	-	-	-	5,932,000	1.3%	850.10
2016	5,327,000	-	-	-	-	5,327,000	1.1%	769.13
2017	4,707,000	-	-	-	-	4,707,000	Not Available	689.77

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

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

N/A Information was not available as of the report date.

**Borough of Rumson School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Actual Taxable Value ^a of Property	Net Valuation Taxable
	General Obligation	Deductions	Net General Bonded Debt Outstanding			
	Bonds					
2008	8,745,000	-	8,745,000	0.310%	2,906,237,714	
2009	9,559,000	-	9,559,000	0.323%	2,957,460,328	
2010	9,124,000	-	9,124,000	0.307%	2,968,305,907	
2011	8,619,000	-	8,619,000	0.292%	2,956,695,866	
2012	8,094,000	-	8,094,000	0.274%	2,956,472,184	
2013	7,092,000	-	7,092,000	0.240%	2,913,694,130	
2014	6,522,000	-	6,522,000	0.224%	3,285,349,130	
2015	5,932,000	-	5,932,000	0.181%	3,359,860,332	
2016	5,327,000	-	5,327,000	0.159%	3,358,735,600	
2017	4,707,000	-	4,707,000	0.136%	3,447,282,800	

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

(a) See Exhibit J-6 for property tax data.

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

**Borough of Rumson School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
Unaudited**

<u>Borough of Rumson</u>	Net Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Borough of Rumson	\$ 13,546,524	100.000%	\$ 13,546,524
Monmouth County General Obligation Net Debt	456,319,190	3.067%	13,995,441
Subtotal, overlapping debt			<u>27,541,965</u>
Rumson School District Direct Debt			<u>4,707,000</u>
Total direct and overlapping debt			<u>\$ 32,248,965</u>

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

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

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

Borough of Rumson School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2016	\$ 3,427,549,226
2015	\$ 3,336,275,906
2014	\$ 3,338,372,433
[A]	\$ 10,102,197,565
Average equalized valuation of taxable property [A/3] \$ 3,367,399,188	
Debt limit (3 % of average equalization value) [B] 101,021,976 a	
Total Net Debt Applicable to Limit [C] 4,707,000	
Legal debt margin [B-C] \$ 96,314,976	

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 101,480,112	\$ 107,679,117	\$ 108,949,540	\$ 107,969,027	\$ 105,405,482	\$ 102,708,174	\$ 101,412,826	\$ 100,392,707	\$ 100,161,012	\$ 101,021,976
Total net debt applicable to limit	8,745,000	9,559,000	9,124,000	8,619,000	8,094,000	7,092,000	6,522,000	5,932,000	5,327,000	4,707,000
Legal debt margin	\$ 92,735,112	\$ 98,120,117	\$ 99,825,540	\$ 99,350,027	\$ 97,311,482	\$ 95,616,174	\$ 94,890,826	\$ 94,460,707	\$ 94,834,012	\$ 96,314,976
Total net debt applicable to the limit as a percentage of debt limit	8.62%	8.88%	8.37%	7.98%	7.68%	6.91%	6.43%	5.91%	5.32%	4.66%

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

(a) Limit set by NISA 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.

Borough of Rumson School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2008	7,258	429,782,470	59,215	Unavailable
2009	7,309	416,357,185	56,965	3.10%
2010	7,110	408,021,570	57,387	5.20%
2011	7,085	424,214,375	59,875	5.30%
2012	7,047	366,422,859	51,997	Unavailable
2013	7,005	440,621,505	62,901	5.50%
2014	6,978	460,680,582	66,019	4.40%
2015	6,926	480,733,660	69,410	4.60%
2016	6,824	Unavailable	Unavailable	4.40%
2017	Unavailable	Unavailable	Unavailable	3.30%

Source:

- (a) Population information provided by the NJ Department of Labor and Workforce Development.
- (b) Personal income has been estimated based on the municipal population and per capita personal income presented
- (c) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development

Borough of Rumson School District

**Principal Employers
Current and Ten Years Ago
Unaudited**

Information not available

Source: Municipal Tax Assessor's Office.

Borough of Rumson School District

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	68.00	70.00	68.00	63.00	64.00	65.00	66.00	67.00	67.00	67.00
Special Education	17.00	16.00	17.00	20.00	18.00	19.00	21.00	21.00	18.00	18.00
Other Special Instruction	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	12.00	12.00
Other Instruction	24.00	24.00	23.00	17.00	14.00	13.00	14.00	13.00	13.00	15.00
Support Services:										
Student & Instruction Related Services	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	15.00	16.00
Other Support Services	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	2.00	2.00
School Administrative Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General Administrative Services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central Services & Adm. Info. Technology										
Plant Operations and Maintenance	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Pupil Transportation										
Total	140.00	141.00	141.00	133.00	129.00	130.00	135.00	135.00	146.00	149.00

BOROUGH OF RUMSON SCHOOL DISTRICT

**Operating Statistics
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Enrollment (a)	Operating Expenditures	Cost Per Pupil (b)	Percentage Change	Teaching Staff (c)	Pupil/Teacher Ratio	Average Daily Enrollment (d)	Average Daily Attendance (d)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	971.0	12,073,578	12,434	3.37%	85.0	11.4	981.3	939.4	1.99%	95.73%
2009	995.0	12,603,562	12,667	1.87%	85.0	11.7	1,005.8	960.4	2.50%	95.49%
2010	983.0	12,454,198	12,670	0.01%	87.0	11.3	973.0	929.3	-3.26%	95.51%
2011	983.0	13,076,387	13,467	1.00%	87.0	11.3	984.9	936.8	1.22%	95.12%
2012	983.0	13,133,166	13,360	0.00%	87.0	11.3	990.5	949.8	-0.57%	95.89%
2013	994.0	15,630,037	15,724	0.01%	87.0	11.4	1,005.0	964.4	1.46%	97.02%
2014	973.0	15,729,633	16,166	5.62%	90.0	10.8	976.5	935.4	-2.84%	96.14%
2015	972.0	16,411,288	18,320	13.32%	91.0	10.7	972.0	929.0	-0.46%	95.58%
2016	944.0	17,139,219	18,633	1.71%	94.0	10.0	964.1	926.9	-0.81%	96.13%
2017	963.0	16,937,189	N/A	N/A	95.0	10.10	988	948.7	2.48%	96.02%

Source:

- (a) Enrollment is from ASSA dated October 15th from the year before for On Roll Students.
- (b) From Taxpayer's Guide to Education Spending. Enrollment includes sent pupils.
- (c) Teaching staff includes only full-time equivalents of certificated instructional staff.
- (d) Average daily enrollment and average daily attendance are obtained from the School Register Summary.

Note:

N/A = Data not available.
Enrollment is from October 15th ASSA.

BOROUGH OF RUMSON SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary:										
Square Feet	56,962	56,962	56,962	56,962	56,962	56,962	56,962	56,962	56,962	56,962
Capacity (students)	480	480	480	480	480	480	480	480	480	480
Enrollment	411	434	431	427	412	426	401	401	408	403
Middle										
Square Feet	91,924	91,924	91,924	91,924	91,924	91,924	91,924	91,924	91,924	91,924
Capacity (students)	720	720	720	720	720	720	720	720	720	720
Enrollment	560	561	552	556	571	568	575	575	555	578

Number of Schools at June 30, 2017

Elementary	1
Middle	1

Source: District Records

Note: Year of original construction in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is from October 15th ASSA.

BOROUGH OF RUMSON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Unaudited

**UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX**

School Facilities	Project #'s	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FORRESTDALE	N/A	100,664	86,468	92,085	62,395	108,725	112,138	58,879	50,288	47,329	64,835
DEANE-PORTER		\$ 61,698	65,230	69,467	38,242	82,021	87,751	46,074	39,352	37,036	50,736
Total School Facilities		162,362	151,699	161,552	100,637	190,746	199,889	104,953	89,640	84,365	115,571

BOROUGH OF RUMSON SCHOOL DISTRICT

**Insurance Schedule
June 30, 2017
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Blanket Buildings and Contents (special form coverage/replacement cost)	\$ 32,799,830	\$ 5,000
Extra Expense	Included in Business Income	
Musical Instruments	Included in Business Income	1,000
Comprehensive General Liability	10,000,000	
Money and Securities	50,000 In/Out	
Data Processing Equipment	1,000,000	250
Camera Equipment	Included	250
Miscellaneous Property	Included	
Automobile Policy - NJSIG	1,000,000	1,000
Worker's Compensation - MOCSSIF/NJSIG	2,000,000	
Boiler Insurance - NJSIG	100,000,000	5,000
School Board Legal Liability - New Jersey		
School Boards Association Insurance Group	5,000,000	5,000
Student Accident and Athletic Account - Zurich	2,000,000	
Fidelity Bond Insurance	200,000	
Selective Insurance Company:		
Board Secretary		
Treasurer of School Monies		
Crime - Employee Dishonesty - NJSIG	100,000	1,000
Excess Workers Comp - Chubb	After 7 Day	
Flood		
Deanne-Porter	20,000	2,000
Forrestdale	20,000	2,000

SINGLE AUDIT SECTION

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K-1
Page 1 of 2

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Rumson School District, in the County of Monmouth, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

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



timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo + Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Rumson School District, in the County of Monmouth, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Rumson Board of Education's major federal and state programs for the year ended June 30, 2017. The Borough of Rumson Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Rumson Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we



plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Rumson Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Rumson Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Borough of Rumson Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Rumson Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, 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 Borough of 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 and 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 and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 12, 2017

Borough of Rumson School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017	
												Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
Title I, Part A													
84-010	S010A160030			120,390	7/1/2016	6/30/2017		61,085	(76,267)			(15,182)	
84-010	S010A150030			100,296	7/1/2015	6/30/2016	(14,282)	37,988	(23,706)				
84-367A	S367A160029			24,174	7/1/2016	6/30/2017		13,162	(23,656)			(10,494)	
84-367A	S367A150029			26,139	7/1/2015	6/30/2016	(120)	120					
84-027	H027A160100			233,848	7/1/2016	6/30/2017		217,149	(232,488)			(15,339)	
84-027	H027A150100			247,618	7/1/2015	6/30/2016	(12,150)	12,953	(803)				
84-027	H027A150100			10,179	7/1/2014	6/30/2015		557	(657)				
84-173	H173A160114			10,109	7/1/2016	6/30/2017	(2,764)	9,473	(10,179)			(706)	
84-173	H173A150114			10,109	7/1/2015	6/30/2016		2,764					
Total Special Revenue Fund							(29,316)	355,251	(367,656)			(41,721)	
Total Federal Financial Awards							(29,316)	355,251	(367,656)			(41,721)	

Note: This schedule was not subject to an audit in accordance with Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

Borough of Ramson School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016				Balance at June 30, 2017				MEMO			
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund:																
Special Education Categorical Aid	17-495-034-5120-089	312,714	7/1/2016	6/30/2017												
Transposition Aid	17-495-034-5120-014	34,646	7/1/2016	6/30/2017												
Security Aid	17-495-034-5120-084	16,332	7/1/2016	6/30/2017												
Extraordinary Aid	17-495-034-5120-044	136,049	7/1/2016	6/30/2017												
Non-Public Transportation Aid	16-495-034-5120-044	142,452	7/1/2015	6/30/2017	(142,452)											
Non-Public Transportation Aid	17-495-034-5120-014	6,045	7/1/2016	6/30/2017												
Non-Public Transportation Aid	16-495-034-5120-014	6,464	7/1/2015	6/30/2016	(6,464)											
Per Pupil Growth Aid	17-495-034-5120-097	9,520	7/1/2016	6/30/2017												
PARCC Readiness	17-495-034-5120-098	9,520	7/1/2016	6/30/2017												
Professional Learning Community Aid	17-495-034-5120-101	9,380	7/1/2016	6/30/2017												
On-Behalf Non-contributory Insurance	17-495-034-5094-004	26,193	7/1/2016	6/30/2017												
On Behalf TPAF Pension and Annuity Fund	17-495-034-5094-002	722,924	7/1/2016	6/30/2017												
On Behalf TPAF Long-Term Disability	17-495-034-5094-001	624,185	7/1/2016	6/30/2017												
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	789	7/1/2016	6/30/2017												
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	537,515	7/1/2015	6/30/2017	(25,848)											
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	515,160	7/1/2015	6/30/2016	(174,764)											
Total General Fund																
Special Revenue Fund:																
N.J. Nonpublic Aid:																
Textbook Aid	17-100-034-5120-064	19,540	7/1/2016	6/30/2017												
Textbook Aid	16-100-034-5120-064	19,471	7/1/2015	6/30/2016												
Auxiliary Services (Chapter 192):																
Compensatory Education	17-100-034-5120-067	21,947	7/1/2016	6/30/2017												
Compensatory Education	16-100-034-5120-067	35,533	7/1/2015	6/30/2016												
Home Instruction	17-100-034-5120-067	1,413	7/1/2016	6/30/2017												
Home Instruction	16-100-034-5120-067	917	7/1/2015	6/30/2016												
Nonpublic Handicapped Aid (Chapter 193):																
Supplementary Instructions	17-100-034-5120-066	20,875	7/1/2016	6/30/2017												
Examination & Classification	17-100-034-5120-066	42,327	7/1/2016	6/30/2017												
Corrective Speech	17-100-034-5120-066	18,907	7/1/2016	6/30/2017												
Nursing Services Aid	17-100-034-5120-070	30,510	7/1/2016	6/30/2017												
Nursing Services Aid	16-100-034-5120-070	30,690	7/1/2015	6/30/2016												
Security Aid	17-100-034-5120-509	16,950	7/1/2016	6/30/2017												
Security Aid	16-495-034-5120-084	8,525	7/1/2015	6/30/2016												
Technology Initiative	17-100-034-5120-373	8,814	7/1/2016	6/30/2017												
Technology Initiative	16-100-034-5120-373	8,866	7/1/2015	6/30/2016												
Total Special Revenue Fund																
Debt Service Fund:																
Debt Service Aid	17-495-034-5120-017	99,895														
Total Debt Service Fund																
TOTAL STATE FINANCIAL ASSISTANCE																
Less On-Behalf TPAF Pension and Annuity Aid																
On-Behalf Non-contributory Insurance	17-495-034-5094-004	26,193	7/1/2016	6/30/2017												
On Behalf TPAF Pension and Annuity Fund	17-495-034-5094-002	722,924	7/1/2016	6/30/2017												
On Behalf TPAF Long-Term Disability Contributions		789	7/1/2016	6/30/2017												
On Behalf TPAF Post Retirement Medical	17-495-034-5094-001	624,185	7/1/2016	6/30/2017												
TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION																

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

NOTE 1. GENERAL

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

NOTE 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 Notes 2(C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general 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 *N.J.S.A. 18A:22-44.2*. 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*.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,137) for the general fund and \$-0- for the special revenue fund. See *Note A* [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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$2,444,675	\$2,444,675
Special Revenue Fund	367,656	174,358	542,014
Debt Service Fund		99,895	99,895
Total Financial Awards	<u>\$367,656</u>	<u>\$2,718,928</u>	<u>\$3,086,584</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. 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, 2017.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7. INDIRECT COST RATE

The Rumson School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**RUMSON SCHOOL DISTRICT7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | |
|-----------------------------------------|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiencies identified? | _____ yes | _____ <u>X</u> none reported |

Noncompliance material to basic financial statements noted?	_____ yes	_____ <u>X</u> no
-------------------------------------------------------------	-----------	-------------------

Federal Awards

Not Applicable

**RUMSON SCHOOL DISTRICT7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

State Aid - Public Cluster:

<u>17-495-034-5120-089</u>	(B)	<u>Special Education Aid</u>
<u>17-495-034-5120-084</u>	(B)	<u>Security Aid</u>
<u>17-495-034-5120-101</u>	(B)	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-097</u>	(B)	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	(B)	<u>PARCC Readiness Aid</u>

Note: (B) Tested as Major Type B Program.

**RUMSON SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

None

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

Not Applicable

**RUMSON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

There were no prior year audit findings.