

**SCHOOL DISTRICT OF THE  
BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**BOARD OF EDUCATION**

**BOROUGH OF RUMSON**

**STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

**PREPARED BY**

**RUMSON BOARD OF EDUCATION**

**BOARD SECRETARY'S OFFICE**

# OUTLINE OF CAFR

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## **INTRODUCTORY SECTION**





January 6, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Rumson School District (District) for the fiscal year ended June 30, 2020 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 provision 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, Single Audits, 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:**

The Rumson School District is an independent reporting entity within the criteria adopted by the GASB as established by the 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, 2019 as reported in the Annual Application for State School Aid was 962, which is an increase of 11 students over the previous year’s residential enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<b>Resident Enrollment</b>		
<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019	962	1.00%
2018	951	(4.30)%
2017	994	5.30
2016	944	(2.88)%
2015	972	(.001)%
2014	973	(1.11)%
2013	984	(.001)%
2012	983	-0-%
2011	983	-0-%
2010	983	(1.21)%

**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 with children moving into the District replacing older ones.

**3. MAJOR INITIATIVES:**

The 2019-2020 Budget contained continued funding for a Dean of Students, continued professional development and program development to support academic and social-emotional initiatives, the continuation of a Class III Officer on campus via a Shared Services Agreement with the Rumson Police Department, additional technology and the continuation of prior year initiatives.

Students continue to score well above the national averages on New Jersey Student Learning Assessment.

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 items basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

**6. ACCOUNTING SYSTEMS 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, 2020, the District had \$28,300,000 of outstanding school bonds and \$1,583,769 in capital leases outstanding.

**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 public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9. RISK MANAGEMENT:**

The Board carries various forms of insurance, included 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 Wielkotz & Company, LLC, 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 the Title II 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 the 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 District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this Report could not have been accomplished without the efficient and dedicated services of our Central office staff.

Respectfully submitted,

*John Bormann*

John Bormann  
Superintendent

*Denise McCarthy*

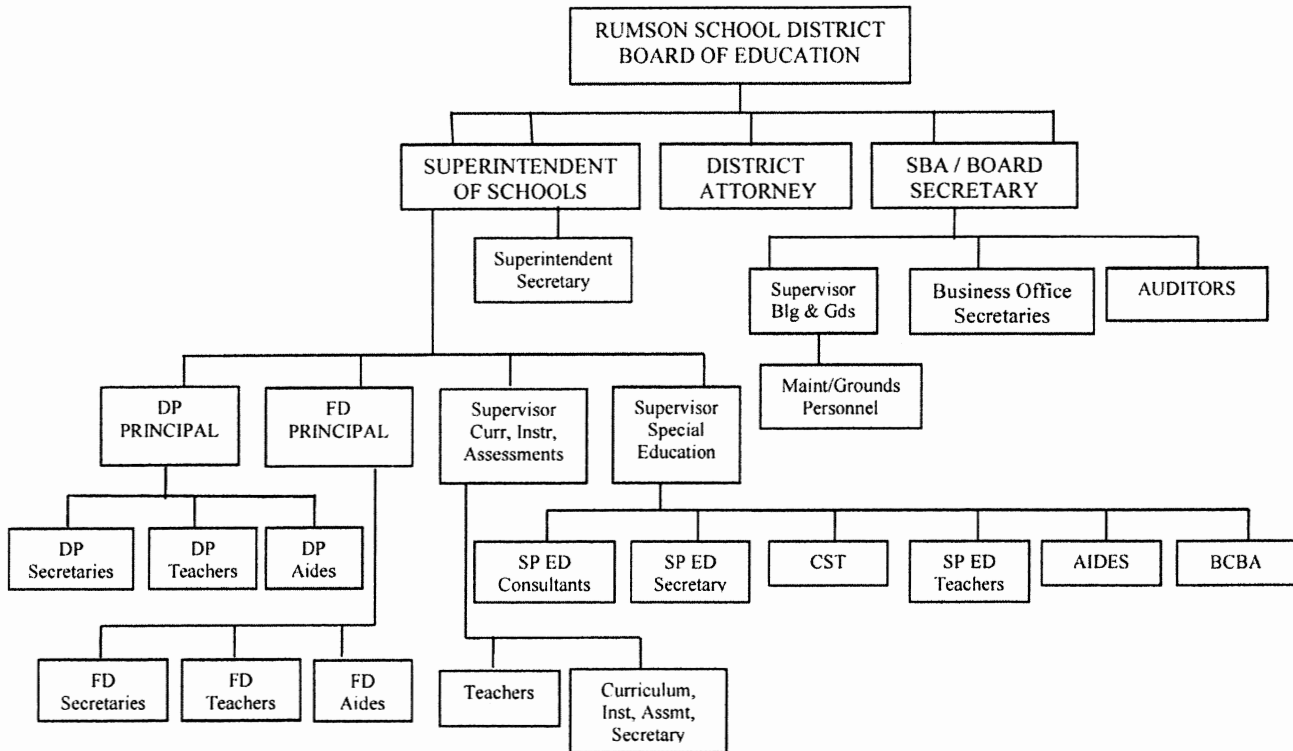
Denise McCarthy  
Business Administrator/Board Secretary

# 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, 2020**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Charles Jones, President	2021
Maura Beyer, Vice President	2020
Tara D’uva	2022
Scott Caldwell	2022
Kara Markiewicz	2020
Stacy Izzo	2022
Kim Swain	2020
John Connors	2021
Melissa Ginsberg	2021
 <b><u>Other Officials</u></b>	
John Bormann, Superintendent	
Debra Leigh Allen, School Business Administrator/Board Secretary to March 31, 2020	
Denise McCarthy, School Business Administrator/Board Secretary from April 1, 2020	
Anthony Sciarrillo, Esq., Solicitor	

**RUMSON BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**Audit Firm**

Wielkocz & Company, LLC  
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

1<sup>st</sup> Constitution Bank  
Rumson, NJ



**FINANCIAL SECTION**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkutz, CPA, RMA, PSA  
Matthew B. Wielkutz, CPA, PSA  
Paul J. Cuva, CPA, RMA, PSA  
James J. Cerullo, CPA, RMA, PSA  
Thomas M. Ferry, CPA, RMA, PSA

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**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, 2020, 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, 2020, 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, Budgetary Comparison Information and schedules related to accounting and reporting for pensions, and other postemployment benefits 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.

Honorable President and  
Members of the Board of Education  
Page 3.

*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 January 6, 2021 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

Honorable President and  
Members of the Board of Education  
Page 4.

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

*Wielkocz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

January 6, 2021

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$1,205,762. Net position of governmental activities increased \$1,200,786 while net position of business-type activity increased by \$4,976.
- General revenues accounted for \$22,270,011 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 \$1,409,341 or 6 percent of total revenues of \$23,679,352.
- The School District had \$22,034,614 in expenses related to governmental activities; only \$965,389 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$22,270,011 were 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, 2020  
(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, 2020  
(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, 2020  
(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 \$6,154,883 at June 30, 2020. Of this amount, \$(3,732,229) 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>						
Current and Other Assets	29,236,766	5,648,977	160,668	134,252	29,397,434	5,783,229
Capital Assets	<u>11,371,246</u>	<u>8,834,596</u>	<u>35,488</u>	<u>43,427</u>	<u>11,406,734</u>	<u>8,878,023</u>
Total Assets	<u>40,608,012</u>	<u>14,483,573</u>	<u>196,156</u>	<u>177,679</u>	<u>40,804,168</u>	<u>14,661,252</u>
Deferred Outflow of						
Resources	<u>706,738</u>	<u>866,088</u>	—	—	<u>706,738</u>	<u>866,088</u>
<b>Liabilities</b>						
Current Liabilities	1,713,420	1,731,606	31,412	17,911	1,744,832	1,749,517
Noncurrent Liabilities	<u>32,476,142</u>	<u>7,669,621</u>	—	—	<u>32,476,142</u>	<u>7,669,621</u>
Total Liabilities	<u>34,189,562</u>	<u>9,401,227</u>	<u>31,412</u>	—	<u>34,220,974</u>	<u>9,419,138</u>
Deferred inflows of						
Resources	<u>1,135,839</u>	<u>1,159,871</u>	—	—	<u>1,135,839</u>	<u>1,159,871</u>
<b>Net Position</b>						
Invested in Capital Assets-						
Net of Debt	(18,564,523)	3,808,572	35,488	43,427	(18,529,035)	3,851,999
Restricted	28,415,357	3,413,641			28,415,357	3,413,641
Unrestricted	<u>(3,861,485)</u>	<u>(2,433,650)</u>	<u>129,256</u>	<u>116,341</u>	<u>(3,732,229)</u>	<u>(2,317,309)</u>
Total Net Position	<u>5,989,349</u>	<u>4,788,563</u>	<u>164,744</u>	<u>159,768</u>	<u>6,154,093</u>	<u>4,948,331</u>

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2020 compared to 2019.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	259,950	249,150	443,952	617,678	703,902	866,828
Operating Grants and Contributions	705,439	1,090,500			705,439	1,090,500
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	16,483,219	16,078,918			16,483,219	16,078,918
Debt Service	848,801	820,709			848,801	820,709
Federal and State Aid	4,756,099	5,386,125			4,756,099	5,386,125
Miscellaneous Income	<u>181,892</u>	<u>146,944</u>	<u>563</u>	<u>758</u>	<u>182,455</u>	<u>147,702</u>
Total Revenues and Transfers	<u>23,235,400</u>	<u>23,772,346</u>	<u>444,515</u>	<u>618,436</u>	<u>23,679,915</u>	<u>24,390,782</u>

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	6,040,962	5,859,216			6,040,962	5,859,216
Special Education	1,771,866	2,169,831			1,771,866	2,169,831
Other Instruction	462,935	469,109			462,935	469,109
Support Services:						
Tuition	31,256	263,737			31,256	263,737
Student & Instruction Related Services	2,279,141	2,274,265			2,279,141	2,274,265
School Administrative Services	483,114	462,921			483,114	462,921
General Administrative Services	447,219	507,083			447,219	507,083
Central Services	285,205	269,137			285,205	269,137
Admin. Info. Technology	48,388	49,952			48,388	49,952
Plant Operations and Maintenance	1,412,097	1,252,321			1,412,097	1,252,321
Pupil Transportation	521,922	563,659			521,922	563,659
Unallocated Benefits	7,456,876	8,173,000			7,456,876	8,173,000
Capital Outlay - Undepreciable		25,054			0	25,054
Interest on Long-Term Debt	315,554	121,602			315,554	121,602
Unallocated depreciation	478,079	502,771			478,079	502,771
Food Service			<u>439,539</u>	<u>563,990</u>	<u>439,539</u>	<u>563,990</u>
Total Expenses	<u>22,034,614</u>	<u>22,963,658</u>	<u>439,539</u>	<u>563,990</u>	<u>22,474,153</u>	<u>23,527,648</u>
Increase or (Decrease) in						
Net Position	<u>1,200,786</u>	<u>808,688</u>	<u>4,976</u>	<u>54,446</u>	<u>1,205,762</u>	<u>863,134</u>

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(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 \$22,474,153 . However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$17,332,020 because some of the cost was paid by those who benefitted from the programs \$703,902, by other governments and organizations who subsidized certain programs with grants and contributions \$5,461,538 and by miscellaneous sources \$182,455.

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 revenues exceeded expenses by \$4,413.
- ✓ Charges for services provided totaled \$443,952. 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, 2020, 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 original budget increased by \$80,543. This was the result of an increase in federal and state grants awarded.

**General Fund**

The general fund actual revenue was \$20,536,239. That amount is \$3,102,048 above the final amended budget of \$17,434,191. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$2,848,643 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$100,077 excess in tuition and miscellaneous anticipated revenues and \$153,328 excess in other state aids.

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)**

**General Fund, (continued)**

The actual expenditures of the general fund were \$19,418,897 which is \$713,001 above the final amended budget of \$18,705,896. 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 \$2,848,643 and \$2,135,642 of unexpended budgeted funds.

**Special Revenue Fund**

The special revenue fund actual revenue was \$705,439. That amount is greater than the original budget estimate of \$624,896 and the same as the final amended budget of \$705,439.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2020 the School District had \$23,151,035 invested in sites, buildings and equipment, and of this amount, \$11,744,300 in depreciation has been taken over the years. We currently have a net book value of \$11,406,734. Total additions for the year were \$3,040,005. Total depreciation for the year was \$486,018. Table 3 shows fiscal year 2020 balances compared to 2019.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	2,314,500	2,314,500			2,314,500	2,314,500
Site Improvements	70,222	77,073			70,222	77,073
Buildings	4,883,547	5,262,528			4,883,547	5,262,528
Equipment	567,347	650,513	35,489	43,427	602,836	693,940
Construction in Progress	<u>3,535,630</u>	<u>529,982</u>			<u>3,535,630</u>	<u>529,982</u>
	<u>11,371,246</u>	<u>8,834,596</u>	<u>35,489</u>	<u>43,427</u>	<u>11,406,735</u>	<u>8,878,023</u>

**Debt Administration**

At June 30, 2020, the District had \$33,465,162 of outstanding debt. Of this amount, \$621,107 is for compensated absences; \$28,300,000 of General Obligation Bonds for school construction; \$2,774,186 for the net pension obligation for PERS; \$186,100 of unamortized bond premium; and \$1,583,769 for obligations under capital leases.

**RUMSON SCHOOL DISTRICT  
RUMSON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Many factors were considered by the District during the process of developing the 2020-2021 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:

Mrs. Denise McCarthy,  
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, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	2,483,463	158,119	2,641,582
Receivables, net	269,656	876	270,532
Inventory		1,673	1,673
Restricted assets:			
Cash and cash equivalents	26,483,647		26,483,647
Land	2,314,500		2,314,500
Other Capital Assets, net	9,056,746	35,488	9,092,234
Total Assets	<u>40,608,012</u>	<u>196,156</u>	<u>40,804,168</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Pension related	572,638		572,638
Loss on Refunding of Debt	134,100		134,100
Total Deferred Outflow of Resources	<u>706,738</u>	<u>-</u>	<u>706,738</u>
<b>LIABILITIES</b>			
Accounts payable	142,105		142,105
Accrued interest on bonds	259,026		259,026
Payable to federal and state government	36,316		36,316
Deferred revenue	286,953	31,412	318,365
Noncurrent liabilities:			
Due within one year	989,020		989,020
Due beyond one year	32,476,142		32,476,142
Total liabilities	<u>34,189,562</u>	<u>31,412</u>	<u>34,220,974</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pension related	<u>1,135,839</u>		<u>1,135,839</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	(18,564,523)	35,488	(18,529,035)
Restricted for:			
Capital Projects	23,890,178		23,890,178
Other Purposes	4,525,179		4,525,179
Unrestricted	(3,861,485)	129,256	(3,732,229)
Total net position	<u><u>5,989,349</u></u>	<u><u>164,744</u></u>	<u><u>6,154,093</u></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, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:						
Instruction:						
Regular	6,040,962		259,950			(5,781,012)
Special education	1,771,866			495,356		(1,276,510)
Other instruction	462,935					(462,935)
Support services:						
Tuition	31,256					(31,256)
Student & instruction related services	2,279,141			210,083		(2,069,058)
School administrative services	483,114					(483,114)
General administrative services	447,219					(447,219)
Central Services	285,205					(285,205)
Admin. Info. Technology	48,388					(48,388)
Plant operations and maintenance	1,412,097					(1,412,097)
Pupil transportation	521,922					(521,922)
Employee Benefits	7,456,876					(7,456,876)
Capital outlay-undepreciable						-
Interest on long-term debt	315,554					(315,554)
Unallocated depreciation	478,079					(478,079)
Total governmental activities	22,034,614		259,950	705,439		(21,069,225)
Business-type activities:						
Food Service	405,673		400,748			(4,925)
Rumson After School Program	28,723		33,583			4,860
Homework Club	5,143		9,621			4,478
Total business-type activities	439,539		443,952			4,413
Total primary government	22,474,153		703,902	705,439		(21,064,812)
General revenues:						
Property Taxes Levied for:						
General Purposes						16,483,219
Debt Service						848,801
Federal and State aid not restricted						4,714,680
State aid restricted						41,419
Miscellaneous Income						181,892
Total general revenues, special items, extraordinary items and transfers						22,270,011
Change in Net Position						1,205,762
Net Position—beginning						4,948,331
Net Position—ending						6,154,093

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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	2,273,382	210,081			2,483,463
Receivables from Other Governments	156,468	60,020			216,488
Other Receivables		53,168			53,168
Restricted Cash and Cash Equivalents	2,525,146		23,890,178	68,323	26,483,647
Total Assets	<u>4,954,996</u>	<u>323,269</u>	<u>23,890,178</u>	<u>68,323</u>	<u>29,236,766</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable					
Payable to State Government		36,316			36,316
Deferred Revenue		286,953			286,953
Total Liabilities		<u>323,269</u>			<u>323,269</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	959,031				959,031
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	922,679				922,679
Emergency Reserve-Designated for Subsequent Year's Expenditures	50,000				50,000
Maintenance Reserve	384,367				384,367
Capital Reserve	885,779				885,779
Capital Reserve-Designated for Subsequent Year's Expenditures	1,255,000				1,255,000
Debt Service				68,323	68,323
Capital Projects					
Assigned to:			23,890,178		23,890,178
Year end encumbrances	78,444				78,444
Unassigned:					
General Fund	419,696				419,696
Total Fund Balances	<u>4,954,996</u>		<u>23,890,178</u>	<u>68,323</u>	<u>28,913,497</u>
Total Liabilities and Fund Balances	<u>4,954,996</u>	<u>323,269</u>	<u>23,890,178</u>	<u>68,323</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 \$22,921,125 and the accumulated depreciation is \$11,549,879.	11,371,246
Deferred outflow of resources	572,638
Deferred inflow of resources	(1,135,839)
Accounts payable for PERS payment subsequent to the measurement date.	(142,105)
Unamortized portion of loss on refunding	134,100
Interest on Long-term debt accrued	(259,026)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(33,465,162)</u>
Net position of governmental activities	<u>5,989,349</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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	16,483,219			848,801	17,332,020
Tuition	259,950				259,950
Miscellaneous	119,307	161,411	61,981	604	343,303
Total - Local Sources	<u>16,862,476</u>	<u>161,411</u>	<u>61,981</u>	<u>849,405</u>	<u>17,935,273</u>
State Sources	3,667,347	160,258		41,419	3,869,024
Federal Sources		383,770			383,770
Total Revenues	<u>20,529,823</u>	<u>705,439</u>	<u>61,981</u>	<u>890,824</u>	<u>22,188,067</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	5,842,725				5,842,725
Special Education Instruction	1,276,510	495,356			1,771,866
Other Instruction	462,935				462,935
Support Services and Undistributed Costs:					
Tuition	31,256				31,256
Student & Instruction Related Services	2,069,058	210,083			2,279,141
General Administrative Services	447,219				447,219
School Administrative Services	483,114				483,114
Central Services	285,205				285,205
Admin. Info. Technology	48,388				48,388
Plant Operations and Maintenance	1,412,097				1,412,097
Pupil Transportation	521,922				521,922
Employee Benefits	6,493,618				6,493,618
Debt Service:					
Principal				770,000	770,000
Interest and Other Charges				120,220	120,220
Capital Outlay	44,850		2,995,155		3,040,005
Total Expenditures	<u>19,418,897</u>	<u>705,439</u>	<u>2,995,155</u>	<u>890,220</u>	<u>24,009,711</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>1,110,926</u>	<u>-</u>	<u>(2,933,174)</u>	<u>604</u>	<u>(1,821,644)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	-	-	25,743,000		25,743,000
Transfers in	-	-		61,981	61,981
Transfers out	-	-	(61,981)		(61,981)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>25,681,019</u>	<u>61,981</u>	<u>25,743,000</u>
Net Change in Fund Balances					
	1,110,926	-	22,747,845	62,585	23,921,356
Fund Balance—July 1	3,844,070	-	1,142,333	5,738	4,992,141
Fund Balance—June 30	<u>4,954,996</u>	<u>-</u>	<u>23,890,178</u>	<u>68,323</u>	<u>28,913,497</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, 2020**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		23,921,356									
<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;">(478,079)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciable Capital outlays</td> <td style="text-align: right;"><u>3,040,005</u></td> <td style="text-align: right;">2,561,926</td> </tr> </table>	Depreciation expense	(478,079)		Depreciable Capital outlays	<u>3,040,005</u>	2,561,926		2,561,926			
Depreciation expense	(478,079)										
Depreciable Capital outlays	<u>3,040,005</u>	2,561,926									
<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 on Bonds		770,000									
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>											
Bond Proceeds		(25,743,000)									
<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		(198,237)									
<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;">46,358</td> </tr> <tr> <td>Current Year Accrued Interest</td> <td></td> <td style="text-align: right;">(259,026)</td> </tr> </table>	Prior Year Accrued Interest		46,358	Current Year Accrued Interest		(259,026)		46,358 (259,026)			
Prior Year Accrued Interest		46,358									
Current Year Accrued Interest		(259,026)									
Bond Premium/Discount		17,334									
<p>Pension Deferrals</p>											
<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;">150,476</td> <td style="width: 20%;"></td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right;"><u>(66,401)</u></td> <td></td> </tr> <tr> <td>Increase in Pension Expense</td> <td></td> <td style="text-align: right;">84,075</td> </tr> </table>	District Pension Contributions	150,476		Less: Pension Expense	<u>(66,401)</u>		Increase in Pension Expense		84,075		84,075
District Pension Contributions	150,476										
Less: Pension Expense	<u>(66,401)</u>										
Increase in Pension Expense		84,075									
<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%; text-align: right;">960,949</td> <td style="width: 20%;"></td> </tr> <tr> <td>Increase in On-behalf TPAF Pension Expense</td> <td style="text-align: right;"><u>(960,949)</u></td> <td></td> </tr> </table>	Increase in On-behalf State Aid TPAF Pension	960,949		Increase in On-behalf TPAF Pension Expense	<u>(960,949)</u>			960,949 (960,949)			
Increase in On-behalf State Aid TPAF Pension	960,949										
Increase in On-behalf TPAF Pension Expense	<u>(960,949)</u>										
<p>Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF medical 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 Medical Expense</td> <td style="width: 20%; text-align: right;">86,384</td> <td style="width: 20%;"></td> </tr> <tr> <td>Increase in On-behalf TPAF Medical Expense</td> <td style="text-align: right;"><u>(86,384)</u></td> <td></td> </tr> </table>	Increase in On-behalf State Aid TPAF Medical Expense	86,384		Increase in On-behalf TPAF Medical Expense	<u>(86,384)</u>			86,384 (86,384)			
Increase in On-behalf State Aid TPAF Medical Expense	86,384										
Increase in On-behalf TPAF Medical Expense	<u>(86,384)</u>										
<b>Change in net assets of governmental activities</b>		<u><u>1,200,786</u></u>									

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

**Rumson School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2020**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>Total Enterprise Fund</b>
	<b>Food Service Program</b>	<b>After School Program</b>	<b>Homework Club</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	84,865	61,832	11,422	158,119
Accounts Receivable	876			876
Inventory	1,673			1,673
Total Current Assets	<u>87,414</u>	<u>61,832</u>	<u>11,422</u>	<u>160,668</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	229,910			229,910
Less Accumulated Depreciation	(194,422)			(194,422)
Total Capital Assets (Net of Accumulated Depreciation)	<u>35,488</u>	<u>-</u>	<u>-</u>	<u>35,488</u>
Total Assets	<u><u>122,902</u></u>	<u><u>61,832</u></u>	<u><u>11,422</u></u>	<u><u>196,156</u></u>
<b>LIABILITIES</b>				
Current Liabilities:				
Prepaid Revenue	31,412			31,412
Total Current Liabilities	<u>31,412</u>	<u>-</u>	<u>-</u>	<u>31,412</u>
Total Liabilities	<u>31,412</u>	<u>-</u>	<u>-</u>	<u>31,412</u>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	35,488			35,488
Unrestricted	56,002	61,832	11,422	129,256
Total Net Position	<u><u>91,490</u></u>	<u><u>61,832</u></u>	<u><u>11,422</u></u>	<u><u>164,744</u></u>

**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, 2020**

	<b>Business-Type Activities -</b>			<b>Total</b>
	<b>Enterprise Fund</b>			
	<b>Food Service</b>	<b>After School</b>	<b>Homework</b>	<b>Enterprise</b>
	<b>Program</b>	<b>Program</b>	<b>Club</b>	<b>Fund</b>
Operating Revenues:				
Charges for Services:				
Daily Sales	400,748			400,748
Miscellaneous		33,583	9,621	43,204
Total Operating Revenues	<u>400,748</u>	<u>33,583</u>	<u>9,621</u>	<u>443,952</u>
Operating Expenses:				
Salaries	143,558			143,558
Other Employee Benefits	28,891			28,891
Cost of Sales	175,157			175,157
Supplies and Materials	2,199			2,199
Management Fee	11,400			11,400
Maintenance	8,518			8,518
Equipment Rental	2,500			2,500
Computer Software	9,453			9,453
Depreciation Expense	7,939			7,939
Insurance	8,195			8,195
Miscellaneous Expenses	7,863	28,723	5,143	41,729
Total Operating Expenses	<u>405,673</u>	<u>28,723</u>	<u>5,143</u>	<u>439,539</u>
Operating Income (Loss)	(4,925)	4,860	4,478	4,413
Non-Operating revenues:				
Interest and investment revenue	563			563
Change in Net Assets	(4,362)	4,860	4,478	4,976
Total Net Position—Beginning	<u>95,852</u>	<u>56,972</u>	<u>6,944</u>	<u>159,768</u>
Total Net Position—Ending	<u><u>91,490</u></u>	<u><u>61,832</u></u>	<u><u>11,422</u></u>	<u><u>164,744</u></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, 2020**

	<b>Food Service Program</b>	<b>After School Program</b>	<b>Homework Club</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	414,608	33,583	9,621	457,812
Payments for Salaries	(143,558)			(143,558)
Payments for Employee Benefits	(28,891)			(28,891)
Payments to Vendors	(217,871)	(28,723)	(5,143)	(251,737)
Net Cash Provided by (Used for) Operating Activities	<u>24,288</u>	<u>4,860</u>	<u>4,478</u>	<u>33,626</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Income	563			563
Net Cash Provided by (Used for) Investing Activities	<u>563</u>	<u>-</u>	<u>-</u>	<u>563</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,851	4,860	4,478	34,189
Balances—Beginning of Year	60,014	56,972	6,944	123,930
Balances—End of Year	<u>84,865</u>	<u>61,832</u>	<u>11,422</u>	<u>158,119</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	(4,925)	4,860	4,478	4,413
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	7,939			7,939
Decrease/(Increase) in Accounts Receivable	7,218			7,218
Decrease/(Increase) in Inventory	555			555
(Decrease)/Increase in Prepaid Revenue	13,501			13,501
Total Adjustments	<u>29,213</u>	<u>-</u>	<u>-</u>	<u>29,213</u>
Net Cash Provided by (Used for) Operating Activities	<u>24,288</u>	<u>4,860</u>	<u>4,478</u>	<u>33,626</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, 2020**

	<b>Fiduciary Funds</b>	
	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	73,034	218,421
Due from Payroll Agency	690	
Total Assets	73,724	218,421
<b>LIABILITIES</b>		
Payable to student groups		157,135
Payroll deductions and withholdings		60,596
Due To Unemployment Trust Fund		690
Total Liabilities	-	218,421
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	73,724	

**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, 2020**

	<u><b>Unemployment Compensation Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 15,797
Total Contributions	<u>15,797</u>
Investment earnings:	
Net investment earnings	<u>317</u>
Total additions	<u>16,114</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>6,638</u>
Total deductions	<u>6,638</u>
Change in net assets	9,476
Net position - beginning of the year	<u>64,248</u>
Net position - end of the year	<u><u>\$ 73,724</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. 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. Description of the School District and Reporting Entity:**

The Board of Education of the Borough of Rumson ("Board") School District (the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of 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, located in the Borough of Rumson. 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.

**B. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. 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:

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. 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:



**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. 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, the Rumson Homework Club 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.

**C. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. 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 assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**D. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. 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.

**E. 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 not make any material supplemental budgetary appropriations during the fiscal year.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**E. 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.

**F. 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.

**G. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**G. 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.

**H. 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.

**I. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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.

**K. 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.

**L. 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 or constructed 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. The Board does not possess any infrastructure. 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>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**M. 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.

**N. Deferred Revenue:**

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

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**O. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. 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.



**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. 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.

**Q. 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.

**R. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**R. 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.

**S. 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.

**T. 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 milk. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**U. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**V. 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.

**W. 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.

**X. Allowance for Uncollectible Accounts:**

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

**Y. New Accounting Standards:**

During fiscal year 2020, the District did not adopt any new GASB Statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

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. This Statement was effective for reporting periods beginning after December 15, 2018. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**Y. New Accounting Standards: (continued)**

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**Y. New Accounting Standards: (continued)**

GASB Statement No. 93, Replacement of Interbank Offering Rates. The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, Statement No. 87, *Leases*, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

As of June 30, 2020, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$2,410,096
State of New Jersey Cash Management Fund	<u>27,006,591</u>
	<u>\$29,416,687</u>

During the period ended June 30, 2020, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$29,416,687 and the bank balance was \$30,142,570. 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, 2020, \$-0- of the Board's bank balance of \$-0- 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)**

**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, 2020, the District has \$27,006,591 on deposit with the New Jersey Cash Management Fund.

**NOTE 3. RECEIVABLES:**

Receivables at June 30, 2020, 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 Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$166,657	\$	\$166,657
Federal Aid	49,831		49,831
Other	<u>53,168</u>	<u>876</u>	<u>54,044</u>
	<u>\$269,656</u>	<u>\$876</u>	<u>\$270,532</u>

**NOTE 4. INTERFUND BALANCES AND TRANSFERS:**

The District had no interfund balances as of June 30, 2020.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 5. CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/20</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$2,314,500	\$	\$	\$2,314,500
Construction in Progress	<u>529,982</u>	<u>3,005,648</u>	<u>          </u>	<u>3,535,630</u>
Total Capital Assets, Not Being Depreciated	<u>2,844,482</u>	<u>3,005,648</u>	<u>          </u>	<u>5,850,130</u>
Capital Assets Being Depreciated				
Site Improvements	456,117			456,117
Buildings and Sites	13,399,674			13,399,674
Equipment	<u>3,206,123</u>	<u>9,081</u>	<u>          </u>	<u>3,215,204</u>
Total Capital Assets, Being Depreciated	<u>17,061,914</u>	<u>9,081</u>	<u>          </u>	<u>17,070,995</u>
Less Accumulated Depreciation:				
Site Improvements	(379,044)	(6,851)		(385,895)
Buildings and Sites	(8,137,146)	(378,981)		(8,516,127)
Equipment	<u>(2,555,610)</u>	<u>(92,247)</u>	<u>          </u>	<u>(2,647,857)</u>
Total Accumulated Depreciation	<u>(11,071,800)</u>	<u>(478,079)</u>	<u>          </u>	<u>(11,549,879)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,990,114</u>	<u>(468,998)</u>	<u>          </u>	<u>5,521,116</u>
Governmental Activities Capital Assets, Net	<u>\$8,834,596</u>	<u>\$2,536,650</u>	<u>          </u>	<u>\$11,371,246</u>
	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/19</u>
<b>Business-Type Activity</b>				
Equipment	<u>\$229,910</u>	\$	\$	<u>\$229,910</u>
Totals	<u>229,910</u>	<u>          </u>	<u>          </u>	<u>229,910</u>
Less Accumulated Depreciation				
Equipment	(186,483)	(7,938)		(194,421)
Total Accumulated Depreciation	<u>(186,483)</u>	<u>(7,938)</u>	<u>          </u>	<u>(194,421)</u>
Business-Type Activity Capital Assets, Net	<u>\$43,427</u>	<u>(\$7,938)</u>	<u>          </u>	<u>\$35,489</u>

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

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 6. LONG-TERM DEBT OBLIGATIONS:**

Changes in long-term obligations for the fiscal year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>6/30/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/20</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Obligations Under Capital Leases	\$1,629,690	\$	\$45,921	\$1,583,769	\$136,986
Compensated Absences Payable	422,870	198,237		621,107	
Net Pension Obligation	2,919,882		145,696	2,774,186	
Bonds Payable	3,327,000	25,743,000	770,000	28,300,000	790,000
Bond Premium	<u>248,134</u>	<u>                    </u>	<u>62,034</u>	<u>186,100</u>	<u>                    </u>
	<u>\$8,547,576</u>	<u>\$25,941,237</u>	<u>\$1,023,651</u>	<u>\$33,465,162</u>	<u>\$926,986</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 municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

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 4.00% 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.



**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 6. LONG-TERM DEBT OBLIGATIONS: (continued)**

**A. Bonds Payable: (continued)**

On March 3, 2020, the District issued the 2020 School Bonds totalling \$25,743,000 for the purpose of additions, renovations, alterations and improvements at Forrestdale and Deane-Porter School including fixtures, furnishings, equipment, site work and related work.

The Bonds bear interest from 2.00% to 2.50% per annum payable semi-annually on the fifteenth day of January and July. The principal is due annually on the fifteenth day of July 2021 through 2040. Installments range from \$838,000 to \$1,670,000.

**Schedule of Payments**

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-2021	\$790,000	\$540,300	\$1,330,300
2021-2022	1,658,000	571,218	2,229,218
2022-2023	1,665,000	524,596	2,189,596
2023-2024	1,182,000	488,702	1,670,702
2024-2025	1,090,000	461,326	1,551,326
2025-2040	<u>21,915,000</u>	<u>3,929,451</u>	<u>25,844,451</u>
	<u>\$28,300,000</u>	<u>\$6,515,593</u>	<u>\$34,815,593</u>

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

As of June 30, 2020, the District had no authorized but not issued bonds.

**C. Capital Leases Payable:**

The District is leasing energy conservation measures equipment under a capital lease. The capital lease is for a term of fifteen years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2020:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$136,986	\$39,668	\$176,654
2022	143,094	36,122	179,216
2023	87,863	32,812	120,675
2024	92,825	30,531	123,356
2025	95,419	28,139	123,558
Thereafter	<u>1,027,582</u>	<u>149,088</u>	<u>1,176,670</u>
	<u>\$1,583,769</u>	<u>\$316,360</u>	<u>\$1,900,129</u>

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. 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/financial-reports.shtm>.

**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

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 55 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

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 55 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>
6/30/20	\$150,476	\$8,019
6/30/19	147,507	10,437
6/30/18	140,270	5,186

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
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**NOTE 7. 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:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>Long-Term</u> <u>Disability</u> <u>Insurance</u>
6/30/20	\$1,612,677	\$608,997	\$28,905	\$835
6/30/19	1,414,034	654,830	29,599	781
6/30/18	1,048,642	693,731	25,448	703

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 \$597,229 during the year ended June 30, 2020 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, 2020, the District had a liability of \$2,774,186 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .0153963363 percent, which was a decrease of .000566696 percent from its proportion measured as of June 30, 2018.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$66,401. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$49,793	\$12,255
Changes of assumptions	277,013	962,911
Net difference between projected and actual earnings on pension plan investments		43,792
Changes in proportion and differences between District contributions and proportionate share of contributions	103,727	116,881
District contributions subsequent to the measurement date	<u>142,105</u>	<u>                    </u>
Total	<u>\$572,638</u>	<u>\$1,135,839</u>

The \$142,105 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, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$(80,106)
2021	(259,862)
2022	(232,042)
2023	(108,955)
2024	(11,188)

**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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District's Proportion	.0153963363%	.0148296400%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2019.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%



**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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 employer contributed 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 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:

	June 30, 2019		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
District's proportionate share of the pension liability	\$3,528,626	\$2,774,186	\$2,174,025

**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](http://www.state.nj.us/treasury/pensions).

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. 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, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	\$    -0-
State's proportionate share associated with the District	<u>44,123,661</u>
	<u>\$44,123,661</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. 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, 2019, the proportion of the TPAF net pension liability associated with the District was .0718966631%.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$2,602,531 for contributions provided by the State in the District-Wide Financial Statements.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75%-5.65% (based on years of service)
Investment Rate of Return	7.00%

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Health Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 7. PENSION PLANS: (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 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 70% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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 8. POST-RETIREMENT BENEFITS:**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have remained consistent with Fiscal Year 2018 amounts. The Fiscal Year 2020 Appropriations Act includes \$1.612 billion as the State's contribution to fund “pay-as-you-go” PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2020 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>28,280,472</u>
	<u>\$28,280,472</u>

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
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**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

**(a) *Health Care Trend Assumptions***

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**(b) *Discount Rate***

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

***Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate***

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

***Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:***

For the year ended June 30, 2020, the board of education/board of trustees recognized on-behalf OPEB expense of \$695,381 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Rumson School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.



**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 9. DEFERRED COMPENSATION:**

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

Planconnect

**NOTE 10. 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, 2020, a liability existed for compensated absences in the Food Service Fund in the amount of \$-0-.

**NOTE 11. 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 Boards Association Insurance Group (NJSBAIG), the state's largest school board insurance group.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 11. RISK MANAGEMENT: (continued)**

NJSBAIG 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 NJSBAIG to cap losses retained by the group. Retention levels have been set on a “per accident” basis. NJSBAIG 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 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
2019-2020	\$16,114	\$6,638	\$73,724
2018-2019	16,132	5,856	64,248
2017-2018	22,909	7,690	53,972

**NOTE 12. CAPITAL RESERVE ACCOUNT:**

A capital reserve account was established by the Borough of 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.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)**

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$1,748,945
Deposits:	
Transfer Per Board Resolution - June 17, 2020	400,000
Budgeted Withdrawal	<u>8,166</u>
Ending balance, June 30, 2020	<u><u>\$2,140,779</u></u>

The June 30, 2020 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$16,619,849. 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 13. 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$100,000
Paid or charged	<u>50,000</u>
Ending balance, June 30, 2020	<u><u>\$50,000</u></u>

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 14. MAINTENANCE RESERVE ACCOUNT:**

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. 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). EFCFA 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$244,000
Deposits:	
Transfer Per Board Resolution - June 17, 2020	300,000
Budgeted Withdrawal	<u>159,633</u>
Ending balance, June 30, 2020	<u>\$384,367</u>

**NOTE 15. FUND BALANCE APPROPRIATED:**

**General Fund** [Exhibit B-1] - Of the \$4,954,996 General Fund fund balance at June 30, 2020, \$78,444 is reserved for encumbrances; \$384,367 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; \$50,000 has been legally established as an emergency reserve in accordance with N.J.S.A. 18A:7F-41c(1); \$1,881,710 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$922,679 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021); \$2,140,779 has been reserved in the Capital Reserve Account; and \$419,696 is unreserved and undesignated.

**Debt Service Fund** - The Debt Service Fund fund balance at June 30, 2020 of \$68,323 is restricted for the payment of debt service.

**NOTE 16. 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, 2020 is \$1,881,710 of which \$959,031 is the result of current year operations.

**Borough of Rumson School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2020**

**NOTE 17. INVENTORY:**

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Supplies	<u>\$1,673</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 the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**NOTE 18. 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 19. SUBSEQUENT EVENTS:**

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Rumson. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. In addition, possible increase in expenditures related to the COVID-19 pandemic that will not be reimbursed by the Federal or State governments. The Board will continue to monitor the situation closely.

The District has evaluated subsequent events through January 6, 2021, 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**

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	16,483,219		16,483,219	16,483,219		
Tuition	215,000		215,000	259,950	44,950	
Miscellaneous	64,180		64,180	119,307	55,127	
Total - Local Sources	16,762,399		16,762,399	16,862,476	100,077	
State Sources:						
Categorical Transportation Aid	112,978		112,978	112,978		
Categorical Security Aid	77,327		77,327	77,327		
Categorical Special Education Aid	481,487		481,487	481,487		
Extraordinary Aid				147,039	147,039	
Additional Non-Public Transportation Aid				6,289	6,289	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				1,612,677	1,612,677	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				608,997	608,997	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				28,905	28,905	
TPAF LTDI Contribution (On-Behalf - Non-Budgeted)				835	835	
TPAF Social Security (Reimbursed - Non-Budgeted)				597,229	597,229	
Total - State Sources	671,792		671,792	3,673,763	3,001,971	
<b>TOTAL REVENUES</b>	17,434,191		17,434,191	20,536,239	3,102,048	



Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool Salaries of Teachers	133,222		133,222	113,696	19,526	
Kindergarten - Salaries of Teachers	458,805		458,805	399,082	59,723	
Grades 1-5 - Salaries of Teachers	2,747,016	(145,448)	2,601,568	2,548,073	53,495	
Grades 6-8 - Salaries of Teachers	2,008,582	69,297	2,077,879	2,077,879		
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	7,550	(5,119)	2,431		2,431	
Purchased Professional-Educational Services	2,000	14,119	16,119	13,975	2,144	
<b>Regular Programs - Undistributed Instruction</b>						
Other Salaries for Instruction	79,389	(14,566)	64,823	36,745	28,078	
Purchased Professional-Educational Services	364,538		364,538	263,003	101,535	
Other Purchased Services (400-500 series)	133,888		133,888	89,900	43,988	
General Supplies	245,311	6,332	251,643	203,745	47,898	
Textbooks	60,289	24	60,313	58,299	2,014	
Other Objects	8,724	9,237	17,961	16,824	1,137	
Other Undistributed Instruction		23,602	23,602	21,505	2,097	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>6,249,314</b>	<b>(42,522)</b>	<b>6,206,792</b>	<b>5,842,725</b>	<b>364,067</b>	
<b>Special Education Instruction - Multiple Disabilities</b>						
Salaries of Teachers	62,862	4,340	67,202	67,082	120	
Other salaries for instruction	32,109		32,109	1,491	30,618	
Purchased Professional-Educational Service	1,350	(614)	736		736	
General Supplies	268	209	477	477		
<b>Total Multiple Disabilities</b>	<b>96,589</b>	<b>3,935</b>	<b>100,524</b>	<b>69,050</b>	<b>31,474</b>	
<b>Special Education Instruction - Resource Room/Resource Center</b>						
Salaries of Teachers	1,152,749	(19,987)	1,132,762	1,109,926	22,836	
Other Salaries for Instruction	2,057	18,537	20,594	20,593	1	
Purchased Professional-Educational Services	77,544	1,465	79,009	68,281	10,728	
General Supplies	13,768	(1,445)	12,323	8,660	3,663	
Textbooks						
<b>Total Resource Room/Resource Center</b>	<b>1,246,118</b>	<b>(1,430)</b>	<b>1,244,688</b>	<b>1,207,460</b>	<b>37,228</b>	
<b>Special Education Instruction - Preschool Disabilities - Full-Time</b>						
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,342,707</b>	<b>2,505</b>	<b>1,345,212</b>	<b>1,276,510</b>	<b>68,702</b>	
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	266,856	72,848	339,704	339,704		
General Supplies	683	10	693	629	64	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>267,539</b>	<b>72,858</b>	<b>340,397</b>	<b>340,333</b>	<b>64</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>School-Sponsored Cocurricular Activities - Instruction</b>						
Salaries of Teachers	86,966		86,966	61,316	25,650	
General Supplies	4,835		4,835	692	4,143	
Other Objects	2,028		2,028	1,505	523	
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>93,829</b>		<b>93,829</b>	<b>63,513</b>	<b>30,316</b>	
<b>School-Sponsored Athletics - Instruction</b>						
Salaries	52,815		52,815	49,523	3,292	
Purchased Services (300-500 series)	5,234		5,234	4,535	699	
Supplies and Materials	7,000		7,000	4,416	2,584	
Other Objects	1,435		1,435	615	820	
<b>Total School-Athletics - Instruction</b>	<b>66,484</b>		<b>66,484</b>	<b>59,089</b>	<b>7,395</b>	
<b>Total Instructional Programs - Instruction</b>	<b>427,852</b>	<b>72,858</b>	<b>500,710</b>	<b>462,935</b>	<b>37,775</b>	
<b>TOTAL INSTRUCTION</b>	<b>8,019,873</b>	<b>32,841</b>	<b>8,052,714</b>	<b>7,582,170</b>	<b>470,544</b>	
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Private Schools for the Disabled - Within State	340,722	(19,793)	320,929	26,406	294,523	
Tuition Other		4,850	4,850	4,850		
<b>Total Undistributed Expenditures - Instruction:</b>	<b>340,722</b>	<b>(14,943)</b>	<b>325,779</b>	<b>31,256</b>	<b>294,523</b>	
<b>Undist. Expend. - Attendance &amp; Social Work</b>						
Salaries	17,652	2,398	20,050	20,050		
<b>Total Undist. Expend. - Attendance &amp; Social Work</b>	<b>17,652</b>	<b>2,398</b>	<b>20,050</b>	<b>20,050</b>		
<b>Undist. Expend. - Health Services</b>						
Salaries	200,146	(1,565)	198,581	192,760	5,821	
Purchased Professional and Technical Services	10,810		10,810	3,940	6,870	
Other Purchased Services (400-500 series)	2,340		2,340	1,044	1,296	
Supplies and Materials	21,258	1,524	22,782	15,930	6,852	
<b>Total Undistributed Expenditures - Health Services</b>	<b>234,554</b>	<b>(41)</b>	<b>234,513</b>	<b>213,674</b>	<b>20,839</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>						
Salaries	234,671	4,040	238,711	237,904	807	
Purchased Professional - Educational Services	225,330	60,703	286,033	209,306	76,727	
Supplies and Materials	944	1,033	1,977	1,357	620	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<b>460,945</b>	<b>65,776</b>	<b>526,721</b>	<b>448,567</b>	<b>78,154</b>	
<b>Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>						
Salaries	135,084	(14,255)	120,829	118,196	2,633	
Purchased Professional - Educational Services		3,992	3,992	509	3,483	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>	<b>135,084</b>	<b>(10,263)</b>	<b>124,821</b>	<b>118,705</b>	<b>6,116</b>	
<b>Undist. Expend. - Guidance</b>						
Salaries of Other Professional Staff	268,289	(261)	268,028	266,003	2,025	
Purchased Professional - Educational Services	10,635	54,261	64,896	48,074	16,822	
Other Purchased Services (400-500 series)	600	600	600	346	254	
Supplies and Materials	3,723	234	3,957	3,709	248	
<b>Total Undist. Expend. - Guidance</b>	<b>283,247</b>	<b>54,234</b>	<b>337,481</b>	<b>318,132</b>	<b>19,349</b>	
<b>Undist. Expend. - Child Study Teams</b>						
Salaries	404,686		404,686	395,635	9,051	
Salaries of Secretarial and Clerical Assistants	52,369		52,369	52,368	1	
Other Services (400-500 series)	10,000	5,000	15,000	7,975	7,025	
Purchased Professional - Educational Services	4,950	(582)	4,368	2,662	1,706	
Supplies and Materials	2,941	(218)	2,723	2,443	280	
Misc Pur Serv (400-500 series O/than Resid Costs)						
<b>Total Undist. Expend. - Child Study Teams</b>	<b>474,946</b>	<b>4,200</b>	<b>479,146</b>	<b>461,083</b>	<b>18,063</b>	
<b>Undist. Expend. - Improvement of Instructional Services</b>						
Salaries of Supervisor of Instruction	127,325		127,325	127,200	125	
Salaries of Other Professional Staff	4,840	480	5,320	5,320		
Salaries of Secretarial and Clerical Assistants	54,706		54,706	54,705	1	
Other Purchased Services (400-500 series)	4,701	840	5,541	4,254	1,287	
Supplies and Materials	1,750	(1,000)	750	201	549	
Other Purchased Professional and Technical Services						
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>193,322</b>	<b>320</b>	<b>193,642</b>	<b>191,680</b>	<b>1,962</b>	
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>						
Salaries	112,260		112,260	110,025	2,235	
Salaries of Technology Coordinators	116,105		116,105	115,421	684	
Purchased Professional - Technical Services	21,720		21,720	16,479	5,241	
Other Purchased Services (400-500 series)	20,588		20,588	12,826	7,762	
Supplies and Materials	18,148	(3,697)	14,451	6,714	7,737	
Other Objects	910	47	957	957		
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>289,731</b>	<b>(3,650)</b>	<b>286,081</b>	<b>262,422</b>	<b>23,659</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Salaries of Other Professional Staff	10,419	(320)	10,099	4,157	5,942	
Salaries of Secretarial and Clerical Assistants	6,000		6,000		6,000	
Purchased Professionals - Educational Services	71,370		71,370	24,983	46,387	
Other Purchased Services (400-500 series)	6,960		6,960	2,818	4,142	
Supplies and Materials	6,555		6,555	2,787	3,768	
Other Objects						
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>101,304</b>	<b>(320)</b>	<b>100,984</b>	<b>34,745</b>	<b>66,239</b>	
<b>Undist. Expend. - Supp. Serv. - General Administration</b>						
Salaries	249,579		249,579	248,195	1,384	
Legal Services	30,000	27,980	57,980	57,980		
Audit Fees	16,250	1,175	17,425	17,425		
Internal Control Audit Fees	6,038	320	6,358	5,020	1,338	
Purchased Technical Services	6,470		6,470	5,063	1,407	
Communications/Telephone	37,000	(9,688)	27,312	25,941	1,371	
BOE Other Purchased Services	8,200	(5,663)	2,537	1,700	837	
Other Purchased Services (400-500 series)	52,190	1,351	53,541	48,917	4,624	
General Supplies	2,500		2,500	1,220	1,280	
Misc Expenditures	43,238	(15,155)	28,083	20,300	7,783	
Judgements Against District	9,905		9,905	8,487	1,418	
BOE Membership Dues and Fees	7,500		7,500	6,971	529	
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>468,870</b>	<b>320</b>	<b>469,190</b>	<b>447,219</b>	<b>21,971</b>	
<b>Undist. Expend. - Support Serv. - School Administration</b>						
Salaries of Principals/Assistant Principals	275,620	4,001	279,621	279,620	1	
Salaries of Secretarial and Clerical Assistants	168,166	(2,334)	165,832	165,370	462	
Purchased Professional and Technical Services	30,122	(1,667)	28,455	26,733	1,722	
Other Purchased Services (400-500 series)	6,000		6,000	2,037	3,963	
Supplies and Materials	14,677	(1,469)	13,208	7,878	5,330	
Other Objects	3,788		3,788	1,476	2,312	
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>498,373</b>	<b>(1,469)</b>	<b>496,904</b>	<b>483,114</b>	<b>13,790</b>	
<b>Undistributed Expenditures-Central Services</b>						
Salaries	259,374	16,372	275,746	275,746		
Purchased Professional Services	8,000	(5,885)	2,115	2,115		
Misc Pur Serv (400-500 series O/than Resid Costs)	5,560	(1,361)	4,199	4,046	153	
Supplies and Materials	5,560	(666)	4,894	2,258	2,636	
Misc Exp.	2,500	(1,460)	1,040	1,040		
<b>Total Undistributed-Central Services</b>	<b>280,994</b>	<b>7,000</b>	<b>287,994</b>	<b>285,205</b>	<b>2,789</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>Undistributed Expenditures-Admin. Info. Tech.</b>						
Salaries	19,200		19,200	18,351	849	
Purchased Professional Services	8,300	(1,000)	7,300	5,559	1,741	
Purchased Technical Services	14,150	1,000	15,150	15,150		
Other Purchased Services	5,067	1,125	6,192	6,192		
Supplies and Materials	7,345	(1,125)	6,220	3,136	3,084	
Other Objects	800	-	800		800	
<b>Total Undistributed Expenditures-Admin. Info. Tech.</b>	<b>54,862</b>	<b>-</b>	<b>54,862</b>	<b>48,388</b>	<b>6,474</b>	
<b>Undist. Expend. - Required Maint. for School Facilities</b>						
Cleaning, Repair and Maintenance Services	201,356	(32,302)	169,054	159,632	9,422	
General Supplies	15,500	85	15,585	15,585		
Other Objects	3,100	58,932	62,032	60,664	1,368	
Required Maintenance Update						
<b>Undist. Expend. - Required Maint. for School Facilities</b>	<b>219,956</b>	<b>26,715</b>	<b>246,671</b>	<b>235,881</b>	<b>10,790</b>	
<b>Undist. Expend. - Custodial Services</b>						
Salaries	505,555	1,339	506,894	497,350	9,544	
Salaries of Non-Instructional Aides	105,756	(1,889)	103,867	97,971	5,896	
Purchased Professional and Technical Services	1,500	5,807	7,307	6,757	550	
Cleaning, Repair and Maintenance Services	34,900	(10,345)	24,555	16,591	7,964	
Lease Purch. Energy Savings Impr Prog	51,127	17,738	68,865	68,865		
Other Purchased Property Services	31,500	24	31,524	31,524		
Insurance	70,498	(8,622)	61,876	60,830	1,046	
General Supplies	46,300	6,079	52,379	50,948	1,431	
Energy (Natural Gas)	70,572	(21,858)	48,714	48,714		
Energy (Electricity)	118,302	12,609	130,911	130,911		
Other Objects	9,290	428	9,718	9,718		
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,045,300</b>	<b>1,310</b>	<b>1,046,610</b>	<b>1,020,179</b>	<b>26,431</b>	
<b>Undistributed Expenditures-Care &amp; Upkeep of Grounds</b>						
Salaries	41,377	(1,045)	40,332	40,271	61	
Purchased Professional and Technical Services	25,500	4,980	30,480	30,140	340	
Cleaning, Repair and Maintenance Services	22,500	10,227	32,727	32,727		
General Supplies	8,000	1,045	9,045	4,995	4,050	
<b>Undistributed Expenditures-Care &amp; Upkeep of Grounds</b>	<b>97,377</b>	<b>15,207</b>	<b>112,584</b>	<b>108,133</b>	<b>4,451</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>Undistributed Expenditures-Security</b>						
Salaries	26,205		26,205	21,022	5,183	
Purchased Professional and Technical Services	69,580	(15,246)	54,334	26,560	27,774	
General Supplies	50,550	39	50,589	322	50,267	
<b>Undistributed Expenditures-Security</b>	<b>146,335</b>	<b>(15,207)</b>	<b>131,128</b>	<b>47,904</b>	<b>83,224</b>	
<b>Undist. Expend. - Student Transportation Services</b>						
Other Purchased Professional & Technical Services	4,650	4,037	8,687	8,687		
Contracted Services - Aid in Lieu of Payments-Non Public	20,000	(3,338)	16,662	7,334	9,328	
Contract Services (Between Home & School)- Vendors	520,603	(699)	519,904	382,705	137,199	
Contract Services (Other than Between Home & School)- Vendors	1,304	950	2,254		2,254	
Contracted Services (Special Ed. Students)-Joint	190,823	(2,693)	188,130	120,463	67,667	
General Supplies	500	2,693	3,193	2,733	460	
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>737,880</b>	<b>950</b>	<b>738,830</b>	<b>521,922</b>	<b>216,908</b>	
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	198,760	(22,223)	176,537	176,537		
Other Retirement Contributions-Regular	165,634		165,634	158,495	7,139	
Workmen's Compensation	124,510		124,510	124,481	29	
Health Benefits	3,382,072	5,784	3,387,856	3,127,702	260,154	
Tuition Reimbursement	20,000		20,000	18,331	1,669	
Other Employee Benefits	18,547	(1,759)	16,788	10,471	6,317	
Unused Sick Payment to Terminated or Retired Staff	27,200	1,759	28,959	28,958	1	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>3,936,723</b>	<b>(16,439)</b>	<b>3,920,284</b>	<b>3,644,975</b>	<b>275,309</b>	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				1,612,677	(1,612,677)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				608,997	(608,997)	
On-behalf TPAF NCGI Premium (non-budgeted)				28,905	(28,905)	
TPAF LTDI Contribution (On-Behalf - Non-Budgeted)				835	(835)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				597,229	(597,229)	
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,848,643</b>	<b>(2,848,643)</b>	
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>3,936,723</b>	<b>(16,439)</b>	<b>3,920,284</b>	<b>6,493,618</b>	<b>(2,573,334)</b>	
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>10,018,177</b>	<b>116,098</b>	<b>10,134,275</b>	<b>11,791,877</b>	<b>(1,657,602)</b>	
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>18,038,050</b>	<b>148,939</b>	<b>18,186,989</b>	<b>19,374,047</b>	<b>(1,187,058)</b>	

Rumson Board of Education Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>CAPITAL OUTLAY</b>						
<b>Equipment</b>						
Support Services-Students-Regular		12,939	12,939	12,939		
Upkeep of Grounds	2,530	(18)	2,512	2,327	185	
<b>Total Equipment</b>	2,530	12,921	15,451	15,266	185	
<b>Facilities Acquisition and Construction Services</b>						
Architectural/Engineering Services	20,000	(20,000)				
Other Purchased Prof. and Tech. Services	60,000	22,038	82,038	8,166	73,872	
Construction Serv.	400,000		400,000		400,000	
Assessment for Debt Service on SDA	21,418		21,418	21,418		
<b>Total Facilities Acquisition and Construction Services</b>	501,418	2,038	503,456	29,584	473,872	
<b>TOTAL CAPITAL OUTLAY</b>	503,948	14,959	518,907	44,850	474,057	
<b>TOTAL EXPENDITURES</b>	18,541,998	163,898	18,705,896	19,418,897	(713,001)	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,107,807)	(163,898)	(1,271,705)	1,117,342	2,389,047	
<b>Other Financing Sources (Uses):</b>						
Operating Transfer Out:						
Capital Reserve - Transfer to Capital Projects Fund						
<b>Total Other Financing Sources (Uses):</b>						
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(1,107,807)	(163,898)	(1,271,705)	1,117,342	2,389,047	
<b>Fund Balance, July 1</b>	3,902,691		3,902,691	3,902,691		
<b>Fund Balance, June 30</b>	2,794,884	(163,898)	2,630,986	5,020,033	2,389,047	

Rumson Board of Education						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>						
Adjustment for Prior Year Encumbrances		(21,566)	(21,566)	(21,566)		
Increase in Emergency Reserve - Principal	(50,000)		(50,000)	(50,000)		
Increase in Capital Reserve-Principal				400,000	400,000	400,000
Increase in Maintenance Reserve-Principal				300,000	300,000	300,000
Budgeted Withdrawal from Capital Reserve - for Local Share	(480,000)		(480,000)	(8,166)	471,834	471,834
Budgeted Withdrawal from Maintenance Reserve	(201,356)		(201,356)	(159,633)	41,723	41,723
Budgeted Fund Balances	(376,451)	(142,332)	(518,783)	656,707	1,175,490	1,175,490
	(1,107,807)	(163,898)	(1,271,705)	1,117,342	2,389,047	2,389,047
<b>Recapitulation:</b>						
<b>Restricted Fund Balance:</b>						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				922,679		
Reserved - Excess Surplus				959,031		
Maintenance Reserve				384,367		
Capital Reserve				885,779		
Capital Reserve-Designated for Subsequent Year's Expenditures				1,255,000		
Emergency Reserve-Designated for Subsequent Year's Expenditures				50,000		
<b>Assigned Fund Balance:</b>						
Year end Encumbrances				78,444		
<b>Unassigned Fund Balance</b>				484,733		
Total				5,020,033		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(65,037)		
Fund Balance per Governmental Funds (GAAP)				4,954,996		



**Rumson School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	80,000	81,411	161,411	161,411	
State Sources	186,760	(26,502)	160,258	160,258	
Federal Sources	358,136	25,634	383,770	383,770	
<b>Total Revenues</b>	<b>624,896</b>	<b>80,543</b>	<b>705,439</b>	<b>705,439</b>	
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	55,333	41,184	96,517	96,517	
Employee Benefits	12,000	(12,000)			
Purchased Professional and Technical Services	36,258	(36,258)			
Purchased Professional - Educational Services	245,544	(37,176)	208,368	208,368	
Other Purchased Services	20,985	154,644	175,629	175,629	
General Supplies	13,934	908	14,842	14,842	
Textbooks					
<b>Total Instruction</b>	<b>384,054</b>	<b>111,302</b>	<b>495,356</b>	<b>495,356</b>	
<b>Support Services:</b>					
Salaries of Other Professional Staff					
Employee Benefits		26,426	26,426	26,426	
Purchased Professional & Technical Services	177,426	(94,167)	83,259	83,259	
Purchased Professional - Educational Services	20,184	(6,005)	14,179	14,179	
Other Purchased Services (400-500 series)					
Supplies & Materials	43,232	(2,801)	40,431	40,431	
Other Objects		45,788	45,788	45,788	
<b>Total Support Services</b>	<b>240,842</b>	<b>(30,759)</b>	<b>210,083</b>	<b>210,083</b>	
<b>Facilities Acquisition and Const. Serv.:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Const. Serv.</b>					
Total Expenditures	<b>624,896</b>	<b>80,543</b>	<b>705,439</b>	<b>705,439</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**Rumson School District  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to Required Supplementary Information  
For the Year Ended June 30, 2020**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	20,536,239	705,439
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.			
		58,621	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).			
		(65,037)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	20,529,823	705,439
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	19,418,897	705,439
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]	19,418,897	705,439

**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	District's	District's Covered	District's	Plan Fiduciary
	Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Payroll PERS Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Net Position as a percentage of the total Pension Liability
2015	0.0164744513%	\$ 3,084,468	\$ 1,075,530	286.79%	42.74%
2016	0.0165349470%	3,603,688	1,037,217	347.44%	38.21%
2017	0.0153094500%	4,534,221	1,085,370	417.76%	40.14%
2018	0.0151415187%	3,524,704	1,090,895	323.10%	48.10%
2019	0.0148296394%	2,919,882	1,113,161	262.31%	53.60%
2020	0.1539633630%	2,774,186	1,150,264	241.18%	56.27%

\* 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	\$	-	1,075,530	14.13%
2016	141,523		141,523		-	1,037,217	13.64%
2017	136,007		136,007		-	1,085,370	12.53%
2018	140,270		140,270		-	1,090,895	12.86%
2019	147,507		147,507		-	1,113,161	13.25%
2020	150,476		150,476		0	1,150,264	13.08%

\* 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
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)		Proportionate Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (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	
2015	0.0640243081%	\$	-	\$ 34,218,909	\$	6,413,136	18.74%	33.64%	
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%	
2018	0.0665998935%	\$	-	\$ 44,904,050	\$	7,781,120	17.33%	25.41%	
2019	0.0712079373%	\$	-	\$ 45,300,960	\$	8,221,616	18.15%	26.49%	
2020	0.7189666310%	\$	-	\$ 44,123,661	\$	8,406,800	19.05%	26.95%	

\* 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, 2020**

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 (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28 %. 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 (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 4.86% to 5.60%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**RUMSON SCHOOL DISTRICT**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
**Last 10 Fiscal Years\***

	2018	2019	2020
<b>Total OPEB Liability</b>			
Service Costs	\$ 1,526,736	\$ 1,267,003	\$ 1,163,574
Interest on Total OPEB Liability	1,144,405	1,325,580	1,236,938
Changes in Assumptions	(4,733,016)	(3,582,175)	421,664
Differences Between Expected and Actual Experience		(3,148,476)	(4,915,158)
Gross Benefit Payments	(837,537.00)	(834,701.00)	(868,126.00)
Contribution from the Member	30,840	28,849	25,734
<b>Net Changes in total Share of OPEB Liability</b>	<u>(2,868,572)</u>	<u>(4,943,920)</u>	<u>(2,935,374)</u>
<b>Total OPEB Liability - Beginning</b>	<u>39,028,338</u>	<u>36,159,766</u>	<u>31,215,846</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 36,159,766</u>	<u>\$ 31,215,846</u>	<u>\$ 28,280,472</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>36,159,766</u>	<u>31,215,846</u>	<u>28,280,472</u>
Total OPEB Liability - Ending	<u>\$ 36,159,766</u>	<u>\$ 31,215,846</u>	<u>\$ 28,280,472</u>
District's Covered Employee Payroll	<u>\$ 8,872,015</u>	<u>\$ 9,334,777</u>	<u>\$ 9,557,064</u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 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**  
**Notes to Required Schedules of Supplementary Information OPEB Liability**  
**For the fiscal year ended June 30, 2020**

Change in benefit terms	None
Change in assumptions	Assumptions used in calculating the OPEB liability are presented in Note 8.

## **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, 2020**

	Total Brought Forward (Ex. E-1a)	Title I	Title II	Title IV	CARES Emergency Relief Grant	Non-Public Security	Totals 2019
<b>REVENUES</b>							
Local Sources	161,411						161,411
State Sources	125,650					34,608	160,258
Federal Sources	291,627	67,931	6,450	7,729	10,033		383,770
<b>Total Revenues</b>	<b>578,688</b>	<b>67,931</b>	<b>6,450</b>	<b>7,729</b>	<b>10,033</b>	<b>34,608</b>	<b>705,439</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	28,586	67,931					96,517
Other Purchased Services (400-500 series)	208,368						208,368
General Supplies	171,419				4,210		175,629
Textbooks	14,842						14,842
<b>Total Instruction</b>	<b>423,215</b>	<b>67,931</b>			<b>4,210</b>		<b>495,356</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	26,426						26,426
Employee Benefits							
Purchased Professional & Technical Services	83,259		6,450	7,729			83,259
Purchased Professional - Educational Services							14,179
Other Purchased Services (400-500 series)					5,823	34,608	40,431
Supplies & Materials	45,788						45,788
Other Objects							
<b>Total Support Services</b>	<b>155,473</b>	<b>-</b>	<b>6,450</b>	<b>7,729</b>	<b>5,823</b>	<b>34,608</b>	<b>210,083</b>
<b>Facilities Acquisition and Const. Serv.:</b>							
Instructional Equipment							
<b>Total Facilities Acquisition and Const. Serv.</b>							
<b>Total Expenditures</b>	<b>578,688</b>	<b>67,931</b>	<b>6,450</b>	<b>7,729</b>	<b>10,033</b>	<b>34,608</b>	<b>705,439</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>							

**Rumson School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2020**

	<b>Total Brought Forward (Ex. E-1b)</b>	<b>IDEA PART B</b>			<b>Ch. 192 - Aux. Serv.</b>	<b>Total Carried Forward</b>
		<b>Basic</b>	<b>Preschool</b>	<b>Non-Public Textbook</b>	<b>Compensatory Education</b>	
<b>REVENUES</b>						
Local Sources	161,411					161,411
State Sources	82,222			14,842	28,586	125,650
Federal Sources		280,477	11,150			291,627
<b>Total Revenues</b>	<b>243,633</b>	<b>280,477</b>	<b>11,150</b>	<b>14,842</b>	<b>28,586</b>	<b>578,688</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers					28,586	28,586
Other Purchased Services (400-500 series)		208,368				208,368
General Supplies	171,419			14,842		171,419
Textbooks						14,842
<b>Total instruction</b>	<b>171,419</b>	<b>208,368</b>		<b>14,842</b>	<b>28,586</b>	<b>423,215</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	26,426					26,426
Employee Benefits						
Purchased Professional & Technical Services		72,109	11,150			83,259
Purchased Professional - Educational Services						
Other Purchased Services (400-500 series)						
Supplies & Materials						
Other Objects	45,788					45,788
<b>Total support services</b>	<b>72,214</b>	<b>72,109</b>	<b>11,150</b>			<b>155,473</b>
<b>Facilities acquisition and const. serv.:</b>						
Instructional Equipment						
<b>Total facilities acquisition and const. serv.</b>						
<b>Total Expenditures</b>	<b>243,633</b>	<b>280,477</b>	<b>11,150</b>	<b>14,842</b>	<b>28,586</b>	<b>578,688</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>						

**Rumson School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2020**

	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	Miscellaneous Donations	
<b>REVENUES</b>							
Local Sources	10,008	14,959	16,775	14,054	26,426	161,411	161,411
State Sources							82,222
Federal Sources							
<b>Total Revenues</b>	<b>10,008</b>	<b>14,959</b>	<b>16,775</b>	<b>14,054</b>	<b>26,426</b>	<b>161,411</b>	<b>243,633</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers							
Other Purchased Services (400-500 series)							
General Supplies	10,008					161,411	171,419
Textbooks							
<b>Total Instruction</b>	<b>10,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,411</b>	<b>171,419</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff					26,426		26,426
Employee Benefits							
Purchased Professional & Technical Services							
Purchased Professional - Educational Services							
Other Purchased Services (400-500 series)							
Supplies & Materials		14,959	16,775	14,054			45,788
Other Objects							
<b>Total Support Services</b>	<b>-</b>	<b>14,959</b>	<b>16,775</b>	<b>14,054</b>	<b>26,426</b>	<b>-</b>	<b>72,214</b>
<b>Facilities Acquisition and Const. Serv.:</b>							
Instructional Equipment							
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>10,008</b>	<b>14,959</b>	<b>16,775</b>	<b>14,054</b>	<b>26,426</b>	<b>161,411</b>	<b>243,633</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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, 2020**

**Revenues and Other Financing Sources:**

Bond proceeds and transfers	\$ 25,743,000
Interest on Investments	61,191
Net Premium/Discount on Bonds	790
Total revenues and other financing sources	25,804,981

**Expenditures and Other Financing Uses:**

Equipment Purchases	1,026,852
Construction Services	631,420
Other Purchased Prof. and Tech. Services	1,336,883
Transfer to Debt Service Fund	61,981
Total expenditures and other financing uses	3,057,136

Excess (deficiency) of revenues over (under) expenditures	22,747,845
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Fund balance - beginning	1,142,333
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Fund balance - ending	\$ 23,890,178
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**Rumson School District  
Capital Project Fund  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
Energy Conservation Measures - Deane-Porter and Forrestdale Schools  
From Inception and For the Year Ended For the Year Ended June 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Proceeds and Transfers	1,629,690		1,629,690	1,629,690
Total revenues	<u>1,629,690</u>	<u>-</u>	<u>1,629,690</u>	<u>1,629,690</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased Prof. and Tech. Services	8,500		8,500	8,500
Equipment Purchases	478,857	1,026,852	1,505,709	1,505,709
Total expenditures	<u>487,357</u>	<u>1,026,852</u>	<u>1,514,209</u>	<u>1,514,209</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>1,142,333</u>	\$ <u>(1,026,852)</u>	\$ <u>115,481</u>	\$ <u>115,481</u>

**Additional project information:**

Project Number	NA
Project Date	5/22/2019
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$1,629,690
Revised Authorized Cost	\$1,629,690
Percentage Decrease under Original Authorized Cost	0%
Percentage completion	0.3%
Original target completion date	NA
Revised target completion date	NA

**Rumson School District  
Capital Project Fund  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
Additions, Renovations, Alterations and Improvements at Forrestdale and Deane-Porter School  
From Inception and For the Year Ended For the Year Ended June 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bonds Proceeds		25,743,000	25,743,000	25,743,000
Total revenues	-	<u>25,743,000</u>	<u>25,743,000</u>	<u>25,743,000</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services		631,420	631,420	631,420
Other Purchased Prof. and Tech. Services		<u>1,336,883</u>	<u>1,336,883</u>	<u>1,336,883</u>
Total expenditures	-	<u>1,968,303</u>	<u>1,968,303</u>	<u>1,968,303</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ <u>23,774,697</u>	\$ <u>23,774,697</u>	\$ <u>23,774,697</u>

Other Purchased Prof. and Tech. Serv

**Additional project information:**

Project Number	NA
Project Date	NA
Bond Authorization Date	1/22/20
Bonds Authorized	\$25,743,000
Bonds Issued	\$25,743,000
Original Authorized Cost	\$25,743,000
Revised Authorized Cost	\$25,743,000
Percentage Decrease under Original Authorized Cost	0%
Percentage completion	NA
Original target completion date	NA
Revised target completion date	NA

**Rumson School District  
Capital Projects Fund  
Summary Schedule of Project Expenditures  
For the Fiscal Year Ended June 30, 2019**

<b>Project Title/Issue</b>	<b>Approval Date</b>	<b>Budgetary Appropriations</b>	<b>GAAP</b>		<b>Unexpended Appropriations June 30, 2020</b>
			<b>Prior Years</b>	<b>Expenditures to Date Current Year</b>	
Additions, renovations, alterations and Improvements at Forrestdale School and Deane-Porter School	1/22/2020	25,743,000		1,968,303	23,774,697
Energy Conservation Measures - Deane-Porter and Forrestdale School	5/22/2019	1,629,690	487,357	1,026,852	115,481
<b>Totals</b>		<b>\$ 27,372,690</b>	<b>\$ 487,357</b>	<b>\$ 2,995,155</b>	<b>\$ 23,890,178</b>

**PROPRIETARY FUNDS**

**Rumson School District**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2020**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Homework Club</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	84,865	61,832	11,422	158,119
Accounts Receivable	876			876
Inventory	1,673			1,673
Total Current Assets	<u>87,414</u>	<u>61,832</u>	<u>11,422</u>	<u>160,668</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	229,910			229,910
Less Accumulated Depreciation	<u>(194,422)</u>			<u>(194,422)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>35,488</u>			<u>35,488</u>
Total Assets	<u>122,902</u>	<u>61,832</u>	<u>11,422</u>	<u>196,156</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Interfund Payable				-
Prepaid Revenue	31,412			31,412
Total Current Liabilities	<u>31,412</u>	<u>-</u>	<u>-</u>	<u>31,412</u>
Total Liabilities	<u>31,412</u>	<u>-</u>	<u>-</u>	<u>31,412</u>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	35,488			35,488
Unrestricted	56,002	61,832	11,422	129,256
Total Net Position	<u>91,490</u>	<u>61,832</u>	<u>11,422</u>	<u>164,744</u>

**Rumson School District**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2020**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Homework Club</u>	<u>Totals</u>
Operating Revenues:				
Charges for Services:				
Daily Sales	400,748			400,748
Miscellaneous		33,583	9,621	43,204
Total Operating Revenues	<u>400,748</u>	<u>33,583</u>	<u>9,621</u>	<u>443,952</u>
Operating Expenses:				
Salaries	143,558			143,558
Other Employee Benefits	28,891			28,891
Cost of Sales	175,157			175,157
Supplies and Materials	2,199			2,199
Management Fee	11,400			11,400
Maintenance	8,518			8,518
Equipment Rental	2,500			2,500
Computer Software	9,453			9,453
Depreciation Expense	7,936			7,936
Insurance	8,195			8,195
Miscellaneous	7,866	28,723	5,143	41,732
Total Operating Expenses	<u>405,673</u>	<u>28,723</u>	<u>5,143</u>	<u>439,539</u>
Operating Income (Loss)	(4,925)	4,860	4,478	4,413
Non-Operating revenues:				
Interest and investment revenue	563			563
Change in Net Assets	(4,362)	4,860	4,478	4,976
Total Net Position—Beginning	<u>95,852</u>	<u>56,972</u>	<u>6,944</u>	<u>159,768</u>
Total Net Position—Ending	<u><u>91,490</u></u>	<u><u>61,832</u></u>	<u><u>11,422</u></u>	<u><u>164,744</u></u>

**Rumson School District  
Combining Statement of Cash Flows  
Enterprise Funds  
For the Year Ended June 30, 2020**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Homework Club</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	414,608	33,583	9,621	457,812
Payments for Salaries	(143,558)			(143,558)
Payments for Employee Benefits	(28,891)			(28,891)
Payments to Vendors	(217,871)	(28,723)	(5,143)	(251,737)
Net Cash Provided by (Used for) Operating Activities	<u>24,288</u>	<u>4,860</u>	<u>4,478</u>	<u>33,626</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Income	563			563
Net Cash Provided by (Used for) Investing Activities	<u>563</u>	<u>-</u>	<u>-</u>	<u>563</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,851	4,860	4,478	34,189
Balances—Beginning of Year	60,014	56,972	6,944	123,930
Balances—End of Year	<u>84,865</u>	<u>61,832</u>	<u>11,422</u>	<u>158,119</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	(4,925)	4,860	4,478	4,413
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	7,939			7,939
Decrease/(Increase) in Accounts Receivable	7,218			7,218
Decrease/(Increase) in Inventory	555			555
(Decrease)/Increase in Prepaid Revenue	13,501			13,501
Total Adjustments	<u>29,213</u>	<u>-</u>	<u>-</u>	<u>29,213</u>
Net Cash Provided by (Used for) Operating Activities	<u>24,288</u>	<u>4,860</u>	<u>4,478</u>	<u>33,626</u>

**FIDUCIARY FUND**



**Rumson School District  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020**

	<b>Fiduciary Funds</b>				
	<b>Student Activity</b>	<b>Payroll Agency</b>	<b>Net Salary</b>	<b>Unemployment Compensation Trust Fund</b>	<b>Total 2020</b>
<b>ASSETS</b>					
Cash and cash equivalents	157,135	58,202	3,084	73,034	291,455
Due From Payroll Agency				690	690
Total assets	<u>157,135</u>	<u>58,202</u>	<u>3,084</u>	<u>73,724</u>	<u>292,145</u>
<b>LIABILITIES</b>					
Payable to student groups	157,135				157,135
Payroll net, deductions and withholdings		57,512	3,084		60,596
Due To Unemployment Trust Fund		690			690
Total liabilities	<u>157,135</u>	<u>58,202</u>	<u>3,084</u>	<u>-</u>	<u>218,421</u>
<b>NET POSITION</b>					
Held in trust for unemployment claims and other purposes				<u>73,724</u>	<u>73,724</u>

**Rumson School District**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	<b>Unemployment Compensation Trust Fund</b>	<b>Totals</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 15,797	15,797
Total Contributions	15,797	15,797
Investment earnings:		
Interest	317	317
Net investment earnings	317	317
Total additions	16,114	16,114
<b>DEDUCTIONS</b>		
Unemployment Claims	6,638	6,638
Total deductions	6,638	6,638
Change in net assets	9,476	9,476
Net position - beginning of the year	64,248	64,248
Net position - end of the year	\$ 73,724	\$ 73,724

**Rumson School District  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2020</u>
ELEMENTARY SCHOOLS:				
Forrestdale	104,571	95,767	88,548	111,790
Deane-Porter	28,708		242	28,466
Tech Reserve	8,518	8,361		16,879
	<u>141,797</u>	<u>104,128</u>	<u>88,790</u>	<u>157,135</u>

**Rumson School District  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2020</u>
Net Payroll	2,775	6,400,991	6,400,682	3,084
Payroll Deductions and Withholdings	275,076	5,475,182	5,692,746	57,512
Due To Unemployment Trust Fund	<u>15,692</u>	<u>690</u>	<u>15,692</u>	<u>690</u>
	<u><u>293,543</u></u>	<u><u>11,876,863</u></u>	<u><u>12,109,120</u></u>	<u><u>61,286</u></u>

**LONG-TERM DEBT**

**Rumson School District  
General Long Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2020**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
2009 Serial Bonds	5/19/2009	\$ 1,257,000	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%	532,000	100,000	432,000	
2013 Refunding School Bonds	5/15/2013	4,535,000	9/01/2020	690,000	4.000%				
			9/01/2021	715,000	4.000%				
			9/01/2022	720,000	4.000%	2,795,000	670,000	2,125,000	
2020 School Bonds	3/3/2020	25,743,000	7/15/2021	838,000	2.000%				
			7/15/2022	835,000	2.000%				
			7/15/2023	1,065,000	2.000%				
			7/15/2024	1,090,000	2.000%				
			7/15/2025	1,120,000	2.000%				
			7/15/2026	1,150,000	2.000%				
			7/15/2027	1,175,000	2.000%				
			7/15/2028	1,205,000	2.000%				
			7/15/2029	1,235,000	2.000%				
			7/15/2030	1,265,000	2.000%				
			7/15/2031	1,300,000	2.000%				
			7/15/2032	1,335,000	2.125%				
			7/15/2033	1,375,000	2.125%				
			7/15/2034	1,410,000	2.250%				
			7/15/2035	1,450,000	2.375%				
			7/15/2036	1,490,000	2.375%				
7/15/2037	1,530,000	2.375%							
7/15/2038	1,580,000	2.500%							
7/15/2039	1,625,000	2.500%							
7/15/2040	1,670,000	2.500%							
						25,743,000			25,743,000
						\$ 3,327,000		770,000	\$ 28,300,000

**Rumson School District  
General Long Term Debt Account Group  
Statement of Obligations Under Capital Leases  
June 30, 2020**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
Acquisition of Energy Conservation Equipment	6/27/2019	\$ 1,629,690	1/15/2020	45,921	2.560%				
			7/15/2020	68,493					
			1/15/2021	68,493					
			7/15/2021	71,547					
			1/15/2022	71,547					
			7/15/2022	43,932					
			1/15/2023	43,931					
			7/15/2023	46,412					
			1/15/2024	46,412					
			7/15/2024	47,710					
			1/15/2025	47,709					
			7/15/2025	40,237					
			1/15/2026	40,237					
			7/15/2026	42,474					
			1/15/2027	42,475					
			7/15/2027	44,795					
			1/15/2028	44,795					
			7/15/2028	47,204					
			1/15/2029	47,204					
			7/15/2029	49,704					
			1/15/2030	49,704					
			7/15/2030	52,296					
			1/15/2031	52,296					
			7/15/2031	54,985					
			1/15/2032	54,985					
			7/15/2032	57,772					
			1/15/2033	57,773					
			7/15/2033	60,663					
			1/15/2034	60,663					
			7/15/2034	63,660					
			1/15/2035	63,660					
						1,629,690		45,921	1,583,769
						\$ 1,629,690		45,921	\$ 1,583,769

**Rumson School District  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	848,801		848,801	848,801	-
State Sources:					
Debt Service Aid Type II	41,419		41,419	41,419	
Local Sources:					
Interest on Investments			-	604	604
<b>Total Revenues</b>	<b>890,220</b>	<b>-</b>	<b>890,220</b>	<b>890,824</b>	<b>604</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	120,220		120,220	120,220	-
Redemption of Principal	770,000		770,000	770,000	-
Total Regular Debt Service	890,220		890,220	890,220	-
<b>Total expenditures</b>	<b>890,220</b>	<b>-</b>	<b>890,220</b>	<b>890,220</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	604	604
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund				61,981	61,981
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	62,585	62,585
Fund Balance, July 1	5,738		5,738	5,738	-
Fund Balance, June 30	<u>5,738</u>	<u>-</u>	<u>5,738</u>	<u>68,323</u>	<u>62,585</u>



**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

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# STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

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<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> 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.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> 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.	<b>J-16 to J-20</b>
<b>Sources:</b> 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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	6,301,896	6,563,022	7,119,583	8,076,411	4,720,542	4,254,125	4,324,181	4,610,562	3,808,572	(18,564,523)
Restricted	1,529,909	1,979,029	2,417,359	1,955,546	1,765,187	2,155,894	2,489,215	3,086,417	3,413,641	28,415,357
Unrestricted	185,970	194,255	202,580	209,395	(3,039,544)	(3,297,369)	(3,591,275)	(3,717,104)	(2,433,650)	(3,861,485)
<b>Total Governmental Activities Net Assets</b>	<b>8,017,775</b>	<b>8,736,306</b>	<b>9,739,522</b>	<b>10,241,352</b>	<b>3,446,185</b>	<b>3,112,650</b>	<b>3,222,121</b>	<b>3,979,875</b>	<b>4,788,563</b>	<b>5,989,349</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	67,714	70,116	67,867	64,957	56,427	48,396	54,646	52,686	43,427	35,488
Restricted	47,488	50,406	90,076	124,116	132,610	174,894	102,688	52,636	116,341	129,256
<b>Total Business-type Activities Net Assets</b>	<b>115,202</b>	<b>120,522</b>	<b>157,943</b>	<b>189,073</b>	<b>189,037</b>	<b>223,290</b>	<b>157,334</b>	<b>105,322</b>	<b>159,768</b>	<b>164,744</b>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	6,369,610	6,633,138	7,187,450	8,141,368	4,776,969	4,302,521	4,378,827	4,663,248	3,851,999	(18,529,035)
Restricted	1,529,909	1,979,029	2,417,359	1,955,546	1,765,187	2,155,894	2,489,215	3,086,417	3,413,641	28,415,357
Unrestricted	233,458	244,661	292,656	333,511	(2,906,934)	(3,122,475)	(3,488,587)	(3,664,468)	(2,317,309)	(3,732,229)
<b>Total District Net Assets</b>	<b>8,132,977</b>	<b>8,856,828</b>	<b>9,897,465</b>	<b>10,430,425</b>	<b>3,635,222</b>	<b>3,335,940</b>	<b>3,379,455</b>	<b>4,085,197</b>	<b>4,948,331</b>	<b>6,154,093</b>

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>									
Governmental Activities:									
Instruction:									
Regular	(7,217,176.66)	(5,073,182.07)	(5,248,664.42)	(5,015,205.00)	(5,301,714.00)	(5,356,025)	(5,693,759)	(5,859,216)	(6,040,962)
Special Education	(1,567,341.69)	(985,393.94)	(1,017,118.09)	(1,390,056.00)	(1,279,269.00)	(1,640,340)	(1,628,625)	(2,169,831)	(1,771,866)
Other Special Education	(62,167.11)	(55,892.53)	(58,068.14)	(54,378.00)	(189,771.00)	(303,653)	(224,234)	(297,062)	(462,935)
Other Instruction	(57,406.38)	(55,166.90)	(57,722.23)	(55,866.00)	(90,437.00)	(129,045)	(147,942)	(172,047)	(462,935)
Support Services:									
Tuition	(562,548.31)	(466,294.58)	(470,232.60)	(432,509.00)	(429,648.00)	(414,753)	(123,595)	(263,737)	(31,256)
Student & Instruction Related Services	(1,796,447.17)	(1,739,874.45)	(1,796,507.39)	(1,834,965.00)	(1,971,256.00)	(2,037,637)	(2,209,244)	(2,274,265)	(2,279,141)
School Administrative Services	(658,884.15)	(401,233.51)	(396,896.44)	(568,425.00)	(512,764.00)	(443,349)	(452,378)	(462,921)	(483,114)
General Administrative Services	(585,688.09)	(473,433.28)	(568,845.95)	(864,183.00)	(796,344.00)	(458,025)	(429,366)	(507,083)	(447,219)
Central Services	(313,389.60)	(316,016.04)	(301,781.92)	(301,781.92)	(254,286)	(254,286)	(267,195)	(269,137)	(285,205)
Admin. Info. Technology	(137,235.22)	(99,305.30)	(110,880.63)	(110,880.63)	(41,067)	(41,067)	(51,385)	(49,952)	(48,388)
Plant Operations and Maintenance	(1,391,086.06)	(1,050,906.15)	(1,124,753.87)	(1,166,708.00)	(1,132,554.00)	(1,106,738)	(1,048,452)	(1,252,321)	(1,412,097)
Pupil Transportation	(648,812.94)	(794,566.76)	(806,427.55)	(676,138.00)	(716,879.00)	(638,330)	(613,189)	(563,659)	(521,922)
Employee Benefits					(4,467,248.00)	(8,269,297)	(9,248,932)	(8,173,000)	(7,456,876)
Non-depreciable Capital Outlay					(618,832.00)	(20,259)	(21,419)	(25,054)	
Interest on Long-term Debt	(335,391.40)	(285,839.02)	(283,245.21)	(218,024.00)	(217,296.00)	(178,444)	(152,645)	(121,602)	(315,554)
Unallocated Depreciation		(3,929,197.33)	(3,709,577.25)	(4,636,758.00)	(572,724.00)	(620,234)	(537,019)	(502,771)	(478,079)
Amortization of Loss on Debt Issuance		(172,268.41)	(537,189.00)						
Total Governmental Activities Expenses	(15,333,574.78)	(15,898,570.27)	(16,487,910.69)	(16,913,215.00)	(18,296,736.00)	(21,911,482)	(22,849,379)	(22,963,658)	(22,034,614)
Business-type Activities:									
Food Service	(270,566.50)	(340,024.40)	(388,172.92)	(433,077.00)	(431,607.00)	(563,233)	(626,108)	(518,010)	(405,673)
Rumson After School Academy	(68,593.00)	(47,378.00)	(39,997.00)			(46,831)	(44,110)	(38,110)	(28,723)
Homework Club							(5,466)	(7,870)	(5,143)
Total Business-type Activities Expenses	(339,159.50)	(387,402.40)	(428,169.92)	(433,077.00)	(431,607.00)	(610,064)	(675,684)	(563,990)	(439,539)
Total District Expenses	(15,672,734.28)	(16,285,972.67)	(16,916,080.61)	(17,346,292.00)	(18,728,343.00)	(22,521,546)	(23,525,063)	(23,527,648)	(22,474,153)
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services:									
Instruction	242,047.10	175,025.00	186,858.00	183,266.00	148,325.00	166,150	357,085	249,150	259,950
Operating Grants and Contributions	125,318.40	156,456.08	581,572.37	482,453.00	498,839.00	710,698	687,783	1,090,500	705,439
Capital Grants and Contributions	22,181.63								
Total Governmental Activities Program Revenues	389,547.13	331,481.08	768,430.37	665,719.00	647,164.00	876,848	1,044,868	1,339,650	965,389
Business-type Activities:									
Charges for Services:									
Food Service	275,811.99	377,355.27	418,592.26	431,493.00	465,645.00	516,390	575,808	565,029	400,748
Rumson After School Academy	68,593.00	47,378.00	39,997.00		53,620		50,690	41,669	33,583
Homework Club							9,300	10,980	9,621
Capital Grants									
Total Business-type Activities Program Revenues	344,404.99	424,733.27	458,589.26	431,493.00	465,645.00	570,010	635,798	617,678	443,952
Total District Program Revenues	733,952.12	756,214.35	1,227,019.63	1,097,212.00	1,112,809.00	1,446,858	1,680,666	1,957,328	1,409,341

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>									
Governmental Activities	(14,944,028)	(15,567,089)	(15,719,480)	(16,247,496)	(17,649,572)	(21,034,634)	(21,804,511)	(21,624,008)	(21,069,225)
Business-type Activities	5,245	37,331	30,419	(1,584)	34,038	(40,054)	(39,886)	53,688	4,413
Total District-wide Net Expense	(14,938,782)	(15,529,758)	(15,689,061)	(16,249,080)	(17,615,534)	(21,074,688)	(21,844,397)	(21,570,320)	(21,064,812)
<b>General Revenues and Other Changes in Net Position</b>									
Governmental Activities:									
Property Taxes Levied for General Purposes	13,095,904.00	13,419,218.00	13,687,602.00	13,961,354.00	14,315,581.00	14,745,047	15,313,255	16,078,918	16,483,219
Taxes Levied for Debt Service	744,316.00	757,759.00	755,187.00	688,205.00	680,692.00	722,225	746,247	820,709	848,801
Unrestricted/Restricted Federal and State Aid	1,842,429.57	2,295,818.73	1,671,332.82	2,051,159.00	2,275,085.00	5,590,162	6,443,350	5,386,125	4,714,680
Investment Earnings	4,359.45	4,442.74	1,261.76	4,077.00	5,354.00	4	4	4	41,419
Miscellaneous Income	(24,451.77)	93,006.67	39,810.61	(70,129.00)	39,325.00	86,671	59,413	146,940	181,892
Transfers									
Total Governmental Activities	15,662,557.25	16,570,245.14	16,155,194.19	16,634,666.00	17,316,037.00	21,144,105	22,562,265	22,432,696	22,270,011
Business-type Activities:									
Investment Earnings	74.32	89.97	710.92	140.00	215.00	-	473	758	563
Total Business-type Activities	74.32	89.97	710.92	140.00	215.00	-	473	758	563
Total District-wide	15,662,631.57	16,570,335.11	16,155,905.11	16,634,806.00	17,316,252.00	21,144,105	22,562,738	22,433,454	22,270,574
<b>Change in Net Position</b>									
Governmental Activities	718,529.60	1,003,155.95	435,713.87	387,170.00	(333,535.00)	109,471	757,754	808,688	1,200,786
Business-type Activities	5,319.81	37,420.84	31,130.26	(1,444.00)	34,253.00	(40,054)	(39,413)	54,446	4,976
Total District	723,849.41	1,040,576.79	466,844.13	385,726.00	(299,282.00)	69,417	718,341	863,134	1,205,762

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Reserved										
Unreserved										
Restricted	1,022,726	1,855,058	1,855,058	1,813,639	1,642,940	2,094,713	2,481,623	2,969,253	3,392,075	4,456,856
Assigned	338,502	118,736	118,736	175,505	75,501	56,606	1,858	111,430	21,566	78,444
Unassigned	409,410	385,133	412,588	387,098	424,753	405,482	408,932	355,394	430,429	419,696
<b>Total General fund</b>	<u>1,770,638</u>	<u>2,358,927</u>	<u>2,386,382</u>	<u>2,376,242</u>	<u>2,143,194</u>	<u>2,556,801</u>	<u>2,892,413</u>	<u>3,436,077</u>	<u>3,844,070</u>	<u>4,954,996</u>
<b>All Other Governmental Funds</b>										
Reserved										
Restricted, Reported in:										
Capital Projects Fund	108,565	3,775	96,155	4,575	4,575	4,575	5,734	5,734	1,142,333	23,890,178
Debt Service Fund	1,391	69	20	42,172	42,171				5,738	68,323
Unreserved, Reported in:										
Capital Projects Fund	54,666		494,846	136,829						
Debt Service	4,059	1,391	69	35,000						
<b>Total Other Governmental Funds</b>	<u>168,681</u>	<u>5,235</u>	<u>591,090</u>	<u>218,576</u>	<u>46,746</u>	<u>4,575</u>	<u>5,734</u>	<u>5,734</u>	<u>1,148,071</u>	<u>23,958,501</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	13,582,767	13,840,220	14,176,977	14,442,789	14,649,559	14,996,273	15,467,272	16,059,502	16,899,627	17,332,020
Other Local Revenue	120,743	221,955	272,535	227,931	240,480	200,081	421,505	520,627	868,796	603,253
State Sources	1,454,908	1,690,058	2,049,422	1,944,286	2,199,264	2,412,972	2,718,928	3,115,814	3,666,841	3,869,024
Federal Sources	413,190	299,871	402,853	308,619	334,348	360,952	367,656	400,628	415,437	383,770
Total Revenues	15,571,608	16,052,104	16,901,787	16,923,625	17,423,651	17,970,278	18,975,361	20,096,571	21,850,701	22,188,067
<b>Expenditures</b>										
Instruction:										
Regular	4,652,973	4,587,897	5,073,182	5,248,644	5,015,205	5,128,700	5,321,658	5,674,159	5,859,216	5,842,725
Special	998,709	913,643	985,394	1,019,118	1,390,056	1,279,269	1,640,340	1,628,625	2,169,831	1,771,866
Other	63,012	54,606	55,893	58,068	54,378	189,771	303,653	224,234	297,062	462,935
School Sponsored/Other Inst.	49,706	53,534	55,167	57,722	55,866	90,437	129,045	147,942	172,047	
Support Services:										
Tuition										31,256
Speech		233,900								
Extraordinary	203,970	155,786								
Staff Training	46,071	97,627								
Instruction	554,430	562,548								
Students	997,249	762,947	2,206,168	2,114,762	2,267,474	2,400,904	2,452,390	2,332,839	2,538,002	2,279,141
Instructional Staff	69,065	138,203								
General Administration	382,550	414,612	401,234	396,896	568,425	796,344	458,025	429,366	507,083	447,219
School Administration	446,352	450,136	473,433	568,846	864,183	512,764	443,349	452,378	462,921	483,114
Central Services	272,821	259,767	316,016	301,782	301,782	301,782	254,286	267,195	269,137	285,205
Admin. Information Technology	99,891	110,424	99,305	110,881			41,067	51,385	49,952	48,388
Operations and Maintenance	1,023,519	1,093,192	1,105,820	1,274,754	1,166,708	1,132,554	1,106,738	1,048,452	1,252,321	1,412,097
Student Transportation	594,626	648,813	794,567	806,428	676,138	716,879	638,330	613,189	563,659	521,922
Business and Other Support Services	2,608,703	2,595,532	3,929,197	3,673,027	4,091,635	4,379,599	4,833,039	5,678,837	6,303,919	6,493,618
On-Behalf TPAF Pension Cont.	406,973	561,229								
Reimb. TPAF Social Security Cont.	478,058	462,039			588,439	137,474	194,550	162,486	623,191	3,040,005
Capital Outlay	61,247	108,288	141,436	648,303						
Special Revenue	522,490	411,855								
Debt Service:										
Principal	505,000	525,000	555,000	570,000	590,000	605,000	620,000	665,000	715,000	770,000
Interest and Other Charges	361,038	340,032	319,201	234,513	239,926	222,071	202,120	176,820	146,720	120,220
Total Governmental Fund Expenditures	15,398,453	15,541,610	16,511,013	17,083,744	17,568,433	17,591,766	18,638,590	19,552,907	21,930,061	24,009,711
Excess (Deficiency) of Revenues Over (Under) Expenditures	173,155	510,494	390,774	(160,119)	(144,782)	378,512	336,771	543,664	(79,360)	(1,821,644)
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In	1,391	32,522	594,020	100,000	25,239					61,981
Operating Transfers Out	(1,391)	(32,522)	(594,020)	(100,000)	(148,505)	(7,077)				(61,981)
Proceeds from Borrowing									1,629,690	25,743,000
Payments from Refunding			5,155,338							
Payments to Escrow Agent			(5,155,338)							
Total Other Financing Sources (Uses)					(123,266)	(7,077)			1,629,690	25,743,000
Net Changes in Fund Balance	173,155	510,494	390,774	(160,119)	(268,048)	371,435	336,771	543,664	1,550,330	23,921,356
Debt Service as a percentage of noncapital expenditures	5.65%	5.60%	5.34%	4.89%	4.89%	4.74%	4.46%	4.34%	4.04%	4.25%

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**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2018	357,085		59,413	416,498
2019	249,150		146,940	396,090
2020	259,950		119,307	379,257

**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 a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
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	2,956,472,184	3,765,682,073	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	3,625,612,976	0.847
2012	41,969,100	2,809,034,000	n/a	30,200	103,446,700	0	628,700	2,955,108,700	0	1,363,484	2,956,472,184	3,482,171,902	0.869
2013	54,489,000	2,757,376,100	n/a	26,800	99,895,900	0	628,700	2,912,416,500	0	1,277,630	2,913,694,130	3,441,790,050	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	3,334,509,190	0.820
2015	47,011,900	3,192,319,600	7,361,700	25,000	80,679,000	0	31,338,400	3,358,735,600	0	1,124,732	3,359,860,332	3,285,349,130	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	3,359,860,332	0.816
2017	35,813,400	3,286,000,000	6,898,900	29,400	110,281,900	0	1,024,700	3,440,048,300	0	1,124,274	3,441,172,574	3,379,789,415	0.845
2018	51,604,600	3,404,746,900	7,043,700	25,000	110,367,200	0	1,195,200	3,574,982,600	0	1,121,447	3,576,104,047	3,462,130,705	0.851
2019	46,192,200	3,499,294,400	19,209,000	35,600	110,973,500	0	1,060,000	3,676,764,700	0	1,137,771	3,677,902,471	3,724,123,499	0.85

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.

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

Assessment Year	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
	Total Direct		Monmouth County		
	School Tax Rate	Regional School Tax Rate	Rumson Borough	Monmouth County	
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
2017	0.467	0.378	0.335	0.289	1.469
2018	0.473	0.378	0.333	0.298	1.482
2019	0.472	0.378	0.333	0.286	1.469

**Note:** NJS 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 valuation
- (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	2019			2009		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Taxpayer #1	31,082,400	1	0.93%	28,346,300	1	0.84%
Taxpayer #2	11,232,300	2	0.33%	12,015,700	2	0.36%
Taxpayer #3	10,063,800	3	0.30%	10,501,300	3	0.31%
Taxpayer #4	8,779,200	4	0.26%	9,499,200	4	0.28%
Taxpayer #5	8,014,600	5	0.24%	8,000,000	5	0.24%
Taxpayer #6	7,644,000	6	0.23%	7,203,700	6	0.21%
Taxpayer #7	6,924,300	7	0.21%	6,931,300	7	0.21%
Taxpayer #8	6,878,000	8	0.20%	6,534,200	8	0.19%
Taxpayer #9	6,606,100	9	0.20%	6,524,400	9	0.19%
Taxpayer #10	6,502,700	10	0.19%	6,450,000	10	0.19%
	<u>103,727,400</u>		<u>3.09%</u>	<u>102,006,100</u>		<u>3.04%</u>

Source: Municipal Tax Assessor's Office.

**Borough of Rumson School District**

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2009	12,343,874	12,343,874	100.00%	n/a
2010	13,027,588	13,027,588	100.00%	n/a
2011	13,582,768	13,582,768	100.00%	n/a
2012	13,840,220	13,840,220	100.00%	n/a
2013	14,176,977	14,176,977	100.00%	n/a
2014	14,442,789	14,442,789	100.00%	n/a
2015	14,649,559	14,649,559	100.00%	n/a
2016	14,996,273	14,996,273	100.00%	n/a
2017	15,467,271	15,467,271	100.00%	n/a
2018	16,059,502	16,059,502	100.00%	n/a
2019	16,899,627	16,899,627	100.00%	n/a

**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			Bond		Business-Type		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
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	1.0%	689.77	
2018	4,042,000	-	-	-	-	-	4,042,000	0.7%	596.52	
2019	3,327,000	-	1,629,690	-	-	-	4,956,690	N/A	N/A	
2020	28,300,000	-	1,583,769	-	-	-	29,883,769	N/A	N/A	

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

(a) See Exhibit 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 <sup>a</sup> of Property	Net Valuation Taxable
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
	2010	9,124,000	-	9,124,000		
2011	8,619,000	-	8,619,000	0.290%	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	0.221%	3,285,349,130	
2015	5,932,000	-	5,932,000	0.204%	3,359,860,332	
2016	5,327,000	-	5,327,000	0.162%	3,358,735,600	
2017	4,707,000	-	4,707,000	0.140%	3,447,282,800	
2018	4,042,000	-	4,042,000	0.117%	3,440,048,300	
2019	3,327,000	-	3,327,000	0.0970%	3,638,386,422	
2020	28,300,000	-	28,300,000	0.770%	3,677,902,471	

**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, 2020  
Unaudited**

<u><b>Borough of Rumson</b></u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Borough of Rumson	\$ 11,273,451	100.000%	\$ 11,273,451
Monmouth County General Obligation Net Debt	428,280,000	2.261%	9,683,322
Subtotal, overlapping debt			20,956,772
<b>Rumson School District Direct Debt</b>			<b>29,883,769</b>
<b>Total direct and overlapping debt</b>			<b>\$ 50,840,541</b>

**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 2019**

Equalized valuation basis	
2019	3,852,766,411
2018	\$ 3,638,386,422
2017	\$ 3,462,130,705
	<u>[A] \$ 10,953,283,538</u>

Average equalized valuation of taxable property	[A/3] \$ 3,651,094,513
Debt limit (3 % of average equalization value)	[B] 109,532,835 <sup>a</sup>
Total Net Debt Applicable to Limit	[C] 30,330,769
Legal debt margin	<u>[B-C] \$ 79,202,066</u>

<b>Borough of Rumson:</b>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 107,969,027	\$ 105,405,482	\$ 102,708,174	\$ 101,412,826	\$ 100,392,707	\$ 100,161,012	\$ 101,021,976	\$ 102,259,558	\$ 105,280,664	\$ 109,532,835
Total net debt applicable to limit	<u>8,619,000</u>	<u>8,094,000</u>	<u>7,092,000</u>	<u>6,522,000</u>	<u>5,932,000</u>	<u>5,327,000</u>	<u>4,707,000</u>	<u>4,042,000</u>	<u>3,327,000</u>	<u>29,883,769</u>
Legal debt margin	<u>\$ 99,350,027</u>	<u>\$ 97,311,482</u>	<u>\$ 95,616,174</u>	<u>\$ 94,890,826</u>	<u>\$ 94,460,707</u>	<u>\$ 94,834,012</u>	<u>\$ 96,314,976</u>	<u>\$ 98,217,558</u>	<u>\$ 101,953,664</u>	<u>\$ 79,649,066</u>
Total net debt applicable to the limit as a percentage of debt limit	7.98%	7.68%	6.91%	6.43%	5.91%	5.32%	4.66%	3.95%	3.16%	27.28%

**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 NJSA 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**

<b>Fiscal Year Ended June 30,</b>	<b>Population (a)</b>	<b>Personal Income (b)</b>	<b>Per Capita Personal Income (c)</b>	<b>Unemployment Rate (d)</b>
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	486,121,288	71,237	4.40%
2017	6,864	517,511,280	75,395	3.30%
2018	6,776	541,930,928	79,978	3.00%
2019	6,714	Unavailable	Unavailable	2.10%
2020	Unavailable	Unavailable	Unavailable	Unavailable

**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 from Bureau of Economic Analysis.  
Estimates for 2010-2019 reflect county population estimates available on DOE site.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development April 2019

**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*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	63.00	64.00	65.00	66.00	67.00	67.00	67.00	73.00	77.00	77.00
Special Education	20.00	18.00	19.00	21.00	21.00	18.00	18.00	18.00	20.00	20.00
Other Special Instruction	3.00	3.00	3.00	3.00	3.00	12.00	12.00	13.00	11.00	11.00
Other Instruction	17.00	14.00	13.00	14.00	13.00	13.00	15.00	15.00	15.00	15.00
Support Services:										
Student & Instruction Related Services	6.00	6.00	6.00	6.00	6.00	15.00	16.00	16.00	16.00	16.00
Other Support Services	5.00	5.00	5.00	6.00	6.00	2.00	2.00	2.00	2.00	2.00
School Administrative Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
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 & Admin. Info. Technology										
Plant Operations and Maintenance	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Pupil Transportation										
Total	133.00	129.00	130.00	135.00	135.00	146.00	149.00	156.00	159.00	163.00

**BOROUGH OF RUMSON SCHOOL DISTRICT**

**Operating Statistics  
Last Ten Fiscal Years  
Unaudited**

<b>Fiscal Year Ended June 30,</b>	<b>Enrollment (a)</b>	<b>Operating Expenditures</b>	<b>Cost Per Pupil (b)</b>	<b>Percentage Change</b>	<b>Teaching Staff (c)</b>	<b>Pupil/Teacher Ratio</b>	<b>Average Daily Enrollment (d)</b>	<b>Average Daily Attendance (d)</b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2010	983.0	12,454,198	15,338	8.14%	87.0	11.3	973.0	929.3	-3.26%	95.51%
2011	983.0	13,076,387	15,761	2.76%	87.0	11.3	984.9	936.8	1.22%	95.12%
2012	983.0	13,133,166	15,858	0.06%	87.0	11.3	990.5	949.8	-0.57%	95.89%
2013	994.0	15,630,037	17,288	9.01%	87.0	11.4	1,005.0	964.4	1.46%	97.02%
2014	973.0	15,729,633	17,386	0.05%	90.0	10.8	976.5	935.4	-2.84%	96.14%
2015	972.0	16,411,288	18,320	5.37%	91.0	10.7	972.0	929.0	-0.46%	95.58%
2016	944.0	17,139,219	18,633	1.70%	94.0	10.0	964.1	926.9	-0.81%	96.13%
2017	981.0	17,106,931	19,305	1.04%	95.0	10.33	988	948.7	2.48%	96.02%
2018	1033.0	18,023,304	22,320	15.60%	101.0	11.70	1,036	991.4	5.00%	95.61%
2019	992.0	19,406,221	N/A	N/A	99.6	10.03	999	954.5	-4.00%	95.80%
2020	1007.0	19,374,047	N/A	N/A	102.0	9.80	1,004	966.0	0.54%	96.22%

**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 Genesis

**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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Elementary:</b>										
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	427	412	426	401	401	408	403	407	383	407
<b>Middle</b>										
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	556	571	568	575	575	555	578	626	609	600

Number of Schools at June 30, 2020

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FORRESTDALE	N/A	136,372	94,591	60,782	100,664	86,468	92,085	62,395	108,725	112,138	58,879
DEANE-PORTER	N/A	83,584	71,382	\$ 45,853	\$ 61,697	65,230	69,467	38,242	82,021	87,751	46,074
<b>Total School Facilities</b>		<u>219,956</u>	<u>165,973</u>	<u>106,635</u>	<u>162,362</u>	<u>151,699</u>	<u>161,552</u>	<u>100,637</u>	<u>190,746</u>	<u>199,889</u>	<u>104,953</u>

**BOROUGH OF RUMSON SCHOOL DISTRICT**

**Insurance Schedule  
June 30, 2020  
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Blanket Buildings and Contents (special form coverage/replacement cost)	\$ 33,871,274	\$ 5,000
Extra Expense	Included in Business Income	5,000
Musical Instruments	Included in Blanket Bldg/Contents	5,000
Comprehensive General Liability	10,000,000	
Money and Securities	100,000 In/Out	1,000
Data Processing Equipment	1,000,000	1,000
Camera Equipment	Included in Blanket Bldg/Contents	5,000
Miscellaneous Property	Included in Blanket Bldg/Contents	5,000
Automobile Policy - NJSIG	1,000,000	1,000
Worker's Compensation - MOCSSIF/NJSIG	3,000,000	
Boiler Insurance - NJSIG	33,871,274	5,000
School Board Legal Liability - New Jersey		
School Boards Association Insurance Group	5,000,000	5,000
Student Accident and Athletic Account -Zurich	1,000,000	
Fidelity Bond Insurance		
Selective Insurance Company:		
Board Secretary	200,000	
Treasurer of School Monies	n/a	
Crime - Employee Dishonesty - NJSIG	500,000	1,000
Excess Workers Comp - Chubb	After 7 Day	
Flood		
Deanne-Porter	10,000	1,000
Forrestdale	10,000	1,000



**SINGLE AUDIT SECTION**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2021.

***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

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

January 6, 2021





**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY 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 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 state programs for the year ended June 30, 2020. The Borough of Rumson Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its 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 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 N.J. OMB Circular 15-08. Those standards, 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 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 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 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 state programs for the year ended June 30, 2020.

### **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 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 state program and to test and report on internal control over compliance in accordance with 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 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 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 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 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

*Wielkocz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

January 6, 2021

Borough of Rumson School District  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2020

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, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020	
													Accounts Receivable	Due to Grantor
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
Special Revenue Fund:														
Title I, Part A														
84.010	S010A180030			106,506	7/1/2019	6/30/2020	(13,774)	(13,774)	66,348	(67,931)			(15,357)	1,891
84.010	S010A170030			110,917	7/1/2018	6/30/2019	(13,774)	13,774						
84.367A	S367A180029			15,100	7/1/2019	6/30/2020	(8,036)	(8,036)	13,466	(6,450)			(1,020)	
84.367A	S367A170029			13,746	7/1/2018	6/30/2019	(8,036)	8,036						
84.424	S424A180031			10,000	7/1/2019	6/30/2020			7,729	(7,729)				
84.424	S424A170031			10,000	7/1/2018	6/30/2019								
84.027	H027A180100			282,985	7/1/2019	6/30/2020	(15,664)	(15,664)	270,719	(280,477)	2,001		(23,421)	
84.027	H027A170100			290,353	7/1/2018	6/30/2019	(15,664)	15,664						
84.173	H173A180114			11,150	7/1/2019	6/30/2020			11,150	(11,150)				
84.173	H173A170114			11,212	7/1/2018	6/30/2019								
21.019	CARES			73,810	7/1/2019	6/30/2020				(10,033)			(10,033)	
Total Special Revenue Fund								(37,474)	369,412	(383,770)	2,001		(49,831)	1,891
Total Federal Financial Awards								(37,474)	369,412	(383,770)	2,001		(49,831)	1,891

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 Rumson School District  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO
			From	To							(Accounts Receivable)	Deferred Revenue/Interfund Payable	
<b>State Department of Education</b>													
General Fund:													
Special Education Categorical Aid Transportation Aid	20-495-034-5120-089	491,751	7/1/2019	6/30/2020			416,450	(481,487)					
Security Aid	20-495-034-5120-014	112,978	7/1/2019	6/30/2020			112,978	(112,978)					
Extraordinary Aid	20-495-034-5120-084	77,327	7/1/2019	6/30/2020			77,327	(77,327)					
Extraordinary Aid	20-495-034-5120-044	147,039	7/1/2019	6/30/2020				(147,039)					
Extraordinary Aid	19-495-034-5120-044	142,332	7/1/2018	6/30/2019	(142,332)		142,332						
Non-Public Transportation Aid	20-495-034-5120-014	6,289	7/1/2019	6/30/2020				(6,289)					
Non-Public Transportation Aid	19-495-034-5120-014	10,516	7/1/2018	6/30/2019	(10,516)		10,516						
On-Behalf Non-contributory Insurance	20-495-034-5094-004	42,325	7/1/2019	6/30/2020			28,905	(28,905)					
On Behalf Teacher's Pension and Annuity Fund	20-495-034-5094-002	2,361,371	7/1/2019	6/30/2020			1,612,677	(1,612,677)					
On Behalf TPAF Post Retirement Medical	20-495-034-5094-001	891,727	7/1/2019	6/30/2020			608,997	(608,997)					
On Behalf TPAF Long-Term Disability Contributions	20-495-034-5094-003	2,488	7/1/2019	6/30/2020			835	(835)					
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	597,229	7/1/2019	6/30/2020			594,089	(597,229)					
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	581,162	7/1/2018	6/30/2019	(41,905)		41,905						
Total General Fund					(194,753)		3,647,011	(3,673,763)			(156,468)		(65,037)
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	20-100-034-5120-064	14,864	7/1/2019	6/30/2020			14,864	(14,842)					
Textbook Aid	19-100-034-5120-064	16,394	7/1/2018	6/30/2019		224			(224)				
Auxiliary Services (Chapter 192):													
Compensatory Education	20-100-034-5120-067	31,636	7/1/2019	6/30/2020			28,474	(28,586)					
Nonpublic Handicapped Aid (Chapter 193):													
Supplementary Instructions	20-100-034-5120-066	70,267	7/1/2019	6/30/2020			63,240	(45,787)					
Examination & Classification	19-100-034-5120-066	37,680	7/1/2018	6/30/2019		12,018			(12,018)				
Corrective Speech	19-100-034-5120-066	22,320	7/1/2018	6/30/2019		5,053			(5,053)				
Nursing Services Aid	20-100-034-5120-070	27,354	7/1/2019	6/30/2020			27,354	(26,426)					
Nursing Services Aid	19-100-034-5120-070	29,779	7/1/2018	6/30/2019		65			(65)				
Security Aid	20-100-034-5120-509	42,300	7/1/2019	6/30/2020			42,300	(34,608)					
Technology Initiative	20-100-034-5120-373	10,152	7/1/2019	6/30/2020			10,152	(10,008)					
Total Special Revenue Fund						17,360	186,384	(160,257)		(17,360)	(10,189)		-
Debt Service Fund:													
Debt Service Aid	20-495-034-5120-017	41,419					41,419	(41,419)					
Total Debt Service Fund							41,419	(41,419)					41,419
TOTAL STATE FINANCIAL ASSISTANCE					(194,753)	17,360	3,874,814	(3,875,439)	(17,360)	(166,657)	36,316	(65,037)	5,744,781
Less On-Behalf TPAF Pension and Annuity Aid													
On-Behalf Non-contributory Insurance	20-495-034-5094-004	42,325	7/1/2019	6/30/2020			28,905	(28,905)					
On Behalf Teacher's Pension and Annuity Fund	20-495-034-5094-002	1,612,677	7/1/2019	6/30/2020			1,612,677	(1,612,677)					
On Behalf TPAF Long-Term Disability Contributions	20-495-034-5094-001	835	7/1/2019	6/30/2020			835	(835)					
On Behalf TPAF Post Retirement Medical	20-495-034-5094-001	608,997	7/1/2019	6/30/2020			608,997	(608,997)					
TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION					(194,753)	17,360	1,623,400	(1,624,025)	(17,360)	(166,657)	36,316	(65,037)	8,009,615



**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, Borough of 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 1(D) and 1(E) 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 \$(6,416) 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	\$	\$3,667,347	\$3,667,347
Special Revenue Fund	383,770	160,257	544,027
Debt Service Fund		<u>41,419</u>	<u>41,419</u>
Total Financial Awards	<u>\$383,770</u>	<u>\$3,869,023</u>	<u>\$4,252,793</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, 2020. 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, 2020.

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

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$67,931
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	6,450
Title IV: <i>Student Support and Academic Enrichment</i>	<u>7,729</u>
Total	<u>\$82,110</u>

**BOROUGH OF RUMSON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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       X       no
2. Significant deficiencies identified that are not considered to be material weaknesses?            yes       X       none reported

Noncompliance material to basic financial statements noted?            yes       X       no

**Federal Awards**

Not Applicable

**BOROUGH OF RUMSON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(continued)**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:     \$ 750,000.00

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,  
as applicable?                                        yes                       X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
20-495-034-5120-089	State Aid Public Cluster:
20-495-034-5120-084	Special Education Aid
	Security Aid

**BOROUGH OF RUMSON SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Section II - Financial Statement Findings*

None

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

Not Applicable

**BOROUGH OF RUMSON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Status of Prior Year Findings**

There were no prior year audit findings.