

**SCHOOL DISTRICT
OF THE
CITY OF CORBIN**

**COMPREHENSIVE ANNUAL
Financial Report**

of the

City of Corbin Board of Education

Tuckahoe, New Jersey

for the Fiscal Year Ended June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2010

Prepared by

Corbin City Board of Education

Finance Department

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OF THE CITY OF CORBIN CITY SCHOOL DISTRICT
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INTRODUCTORY SECTION

CORBIN CITY BOARD OF EDUCATION

C/O Ocean City Board of Education
501 Atlantic Avenue, Suite 1
Ocean City, New Jersey 08226
(609) 628-2701

September 28, 2010

Ms. Melissa Garrett, President
Members of the Board of Education
Corbin City School District
County of Atlantic, New Jersey

Dear Ms. Garrett and Board Members:

The comprehensive annual financial report of the Corbin City School District for the fiscal year ended June 30, 2010, 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 my 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 final position and results of operations of the various funds 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 as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District.
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Corbin City School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Corbin City Board of Education constitutes the District's reporting entity.

The District does not provide any educational services in itself but contracts for educational services with Upper Township Board of Education for K through 8 grade levels, with Ocean City Board of Education for 9 through 12 grade levels and with Atlantic County Special Services and Cape May County Special Services for special education services on an as needed basis. These services include regular and vocational as special education for handicapped students. The student count for the year ended June 30, 2010 was 77 as compared to 97 in the previous year. The City of Corbin City School District operates as a non-operating school district. As required by law, it shall maintain a board of education, a board secretary's office and a budget for its expenditures, including board operations, tuition, transportation, insurance and any other needs.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Corbin City area continues to experience limited development, which is in part due to governmental zoning and restrictions in this and neighboring communities. The modest housing construction, with an extremely limited number of new businesses or industry, continues to put additional burdens on the taxpayers of the community.
3. **MAJOR INITIATIVES:** The Corbin City Board of Education will continue to strive for a quality education for the district's students via the sending/receiving relationships with the Upper Township Board of Education for grades pre-K through 8 students and the Ocean City Board of Education for grades 9 through 12 students. The Corbin City Board of Education will continue to develop fiscally sound and realistic budgets for the education of all resident students and the associated administrative expenses of the school district. The Corbin City Board of Education will continue to monitor special education costs of the district and will dialog, as needed, with the special services departments of both receiving districts.
4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control 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 the generally accepted accounting principles (GAAP). Internal control 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 state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control procedure is also subject to periodic evaluation by the District management.

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 Board of School Estimates of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund; there is no debt service fund. When applicable, project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be included as reappropriation are reported as reservations of fund balance at June 30, 2010.

6. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision 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.
7. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to Financial Statements", Note 2.
8. **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ending June 30, 2010 and the amount and percentage of increases in relation to prior year revenues.
9. **DEBT ADMINISTRATION:** At June 30, 2010, the District had no long-term debt.
10. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents and fidelity bonds.

11. **RENTAL OF CARL ROAD SCHOOL:** The Carl Road Schools were obligated under the terms of a lease/purchase agreement with a tenant, with stipulations arising from a complaint filed by the tenant on August 16, 2007. A court order, effective May 5, 2009, provided for actions to be taken by October 1, 2009 or the lease agreement would be terminated. On December 22, 2009, a court judgment rendered the lease terminated and the District is now financially responsible for maintaining the buildings, until such time as they are transferred to another entity. As of the audit date, the Board of Education is in the process of turning the properties over to the City of Corbin City.
12. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, CPA, RMA, of Nightlinger, Colavita & Volpa, P.A. was selected by the Board. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and supplementary schedules of expenditures of federal awards and state financial assistance is included in the financial section of this report.
13. **ACKNOWLEDGEMENTS:** I would like to express my appreciation to the members of the Corbin City Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby continuing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Mark A. Ritter
Interim Business Administrator/
Board Secretary



Dana Loder
Assistant Business Administrator /
Board Secretary

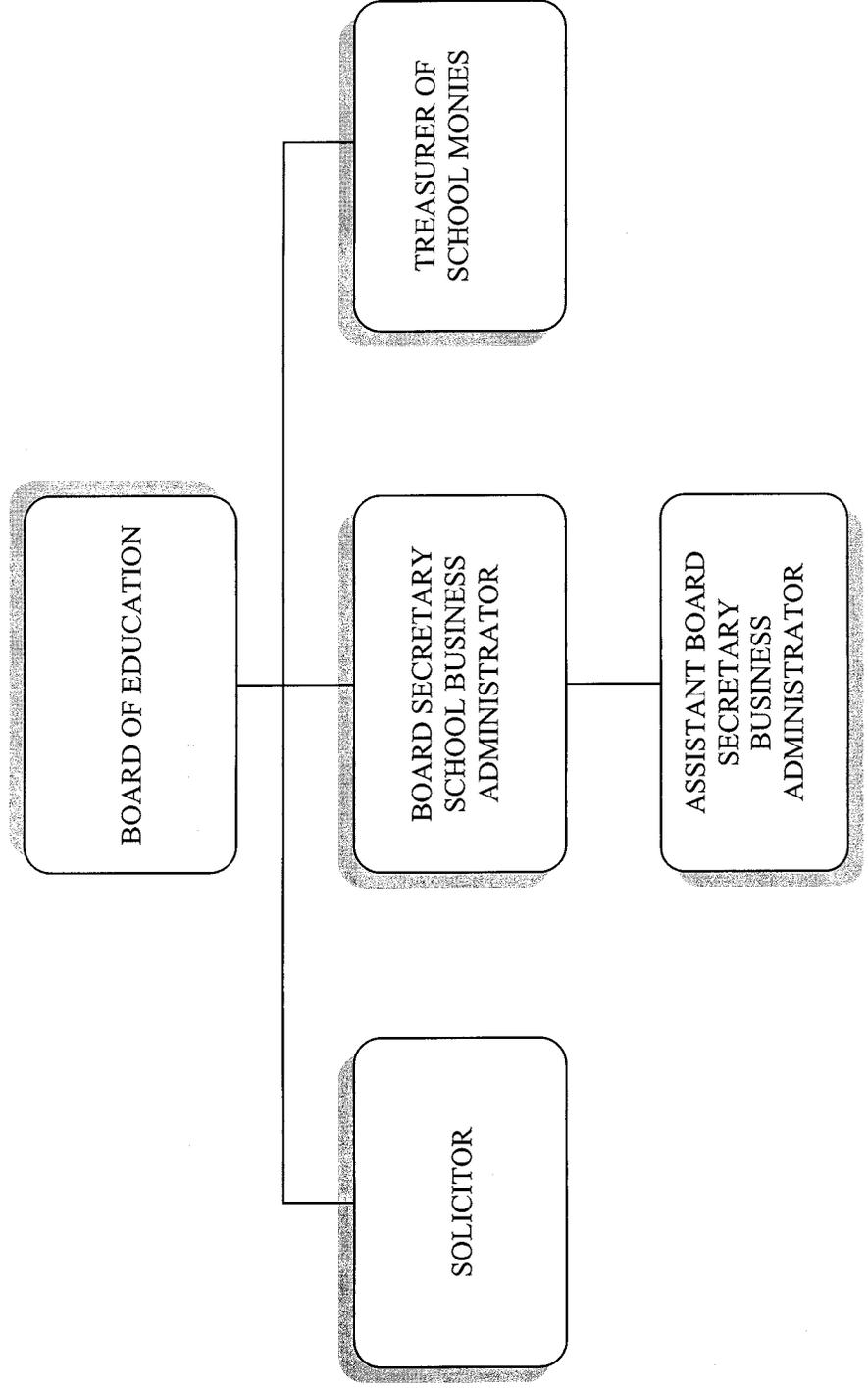
CORBIN CITY BOARD OF EDUCATION

Corbin City, New Jersey

Atlantic County

ORGANIZATIONAL CHART

(UNIT CONTROL)



CITY OF CORBIN CITY BOARD OF EDUCATION
CORBIN CITY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2010

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Melissa Garrett, President	2014
Carol Iverson - Vice President	2011
Ryan Foster	2012
Jules Leider	2013
Patricia Lynn Tyszka	2015

OTHER OFFICIALS

Steven Terhune, School Business Administrator

Dana Loder, Assistant Business Administrator/Board Secretary

Beverly J. Totten, Treasurer

William S. Cappuccio, Esq., Solicitor

CITY OF CORBIN CITY BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.
Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

ATTORNEY

William S. Cappuccio, Esq.
P.O. Box 107
Hammonton, NJ 08037

OFFICIAL DEPOSITORY

Ocean City Home Bank
1001 Asbury Avenue
Ocean City, NJ 08226-0447

INSURANCE AGENT

NJ School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 28, 2010

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
City of Corbin City School District
County of Atlantic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the City of Corbin City School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Corbin City Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 City of Corbin City Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2010 on our consideration of the City of Corbin City Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standard* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 16 and 43 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Corbin City Board of Education's, basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

CITY OF CORBIN CITY SCHOOL DISTRICT
CITY OF CORBIN CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

UNAUDITED

The discussion and analysis of City of Corbin City Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ❖ The district completed the 2009-10 fiscal year with Unrestricted Net Assets of \$193,402, which does not reflect the 19th and 20th State Aid Payments of \$63,188 received as revenue in July 2010. In the prior year, the district completed the 2008-09 fiscal year Unrestricted Net Assets of \$70,696.
- ❖ General revenues accounted for \$1,555,026 in revenue or 100% percent of all revenues. There were no program specific revenues in the form of operating grants for the year.
- ❖ Net assets of governmental activities decreased by \$49,908.
- ❖ Capital assets decreased by \$21,492 representing depreciation, with no net retirements of fixed assets.
- ❖ The School District had \$1,505,118 in expenses. General revenues (primarily property taxes of \$786,464) of \$1,555,026 were adequate to provide for these programs.
- ❖ The General Governmental Fund had \$1,555,026 in revenues and \$1,483,626 in expenditures. The General Fund's balance increased \$71,400 over 2009. This increase was anticipated by the Board of Education due to the increase in miscellaneous income and reduced budget expenditures. The \$21,492 difference between the general fund expenditures and total governmental expenditures represents depreciation on the buildings owned and available for rental.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

This document contains the operating fund used by the School District to provide for a thorough and efficient education for our students on a tuition sending basis, transportation and general expenses of the district. The view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, the impact of maintaining idle buildings without rental income and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District, as a 100% sending district, maintains only one kind of activity:

- ❖ Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, tuition for instruction and support services, operation and maintenance of plant facilities, pupil transportation and general expenses.

Reporting the School District's Only Significant Fund

Fund Financial Statements

The analysis of the School District's major fund, the General Fund, begins on page 19. Fund financial reports provide detailed information about the School District's major fund. The School District uses this fund to account for its financial transactions. The School District did not maintain any other governmental funds such as a Special revenue Fund, Capital Projects Fund or Debt Service Fund.

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2010 and 2009.

	2010	2009
Assets		
Current and other assets	\$ 315,409	\$ 243,624
Capital assets, net	578,822	600,314
Total Assets	<u>894,231</u>	<u>843,938</u>
Liabilities		
Other liabilities	1,540	1,155
Total Liabilities	<u>1,540</u>	<u>1,155</u>
Net Assets		
Invested in capital assets, net of debt	578,822	600,314
Restricted	120,467	171,773
Unrestricted	193,402	70,696
Total net assets	<u>\$ 892,691</u>	<u>\$ 842,783</u>

Table 2 shows the changes in net assets from fiscal years 2010 and 2009.

Table 2
Changes in Net Assets

	2010	2009
Revenues		
General Revenues		
Property taxes	\$ 786,464	\$ 786,464
Grants and entitlements	755,257	721,645
Other	13,305	(32,824)
Total Revenues	1,555,026	1,475,285
Program Expenses		
Support Services		
Tuition	1,348,789	1,489,028
Pupils and instructional staff		1,600
General administration, school administration, business	21,888	19,719
Central Services	20,388	20,577
Operations and maintenance of Facilities	24,882	6,048
Pupil Transportation	66,230	93,671
Employee Benefits	1,449	1,373
Depreciation	21,492	21,492
Total Expenses	1,505,118	1,653,508
Increase (Decrease) in net assets	\$ 49,908	\$ (178,223)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 50.6% percent of revenues for governmental activities for the City of Corbin City School District for fiscal year 2010. The District's total revenues amounted to \$1,555,026 for the fiscal year ended June 30, 2010. Federal, state and local grants accounted for another 48.5%. Other revenue accounted for .9%.

The Statement of Activities shows the cost of program services. These costs show the financial burden that was placed on the District's taxpayers by each of these functions.

All pupil instructional activities regarding the content and process of teaching students, including curriculum and staff development which were provided on a tuition basis by the respective receiving district.

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

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition, none of which are used for classroom or support activities.

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

Other includes unallocated depreciation and amortization.

Business-Type Activities

- ❖ The District does not maintain any business-type activities

The School District's Funds

Information about the School District's major fund starts on page 19. The general fund is accounted for using the modified accrual basis of accounting. The general fund presented in the fund-based statements had total revenues of \$1,555,026 and expenditures of \$1,483,626. The net positive change in fund balance for the year was \$71,400. The District was able to meet current operating costs due to increased local and state aid and reduced expenditures related to various accounts.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to encounter difficulties in meeting its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental fund for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year fund revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 799,769	51%	\$ 8,129	1%
State Sources	646,809	42%	(74,836)	-10%
Federal Sources	108,448	7%	108,448	100%
Total	<u>\$ 1,555,026</u>	<u>100%</u>	<u>\$ 41,741</u>	<u>3%</u>

The increase in Local Sources is attributed to increases in miscellaneous revenue of \$8,711, offset by decrease in the interest earned of \$582.

The decrease in State Sources of \$74,836 is attributed to the decrease in most state aid sources.

The increase in Federal Sources of \$108,448 is attributed to Federal Recovery School Aid.

The following schedule presents a summary of general fund expenditures for the fiscal year ended June 30, 2010.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009</u>	<u>Percent Increase (Decrease)</u>
Current:				
Undistributed expenditures	\$ 1,483,626	100%	\$ (148,390)	-9.1%
Total	<u>\$ 1,483,626</u>	<u>100%</u>	<u>\$ (148,390)</u>	<u>-9.1%</u>

The decrease in Current Undistributed expenditures was attributed to decreased Tuition costs of \$140,238 and Transportation cost of \$27,441, offset by increases in Maintenance of School Facilities of \$18,834 and various other expenditures of \$455.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

During the course of the fiscal year 2010, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Tuition contract changes based on student enrollment.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations in an effort to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a positive result of \$69,196.

- ❖ Actual revenues were \$10,108 higher than expected due to \$3,709 interest earnings, and miscellaneous revenue of \$6,096, non-public transportation aid of \$141 and extraordinary aid of \$12,662, offset by reductions of \$12,500 of transportation aid.
- ❖ The actual expenditures were \$140,394 lower than expected, due primarily to district tuition costs of \$80,102, support costs of \$15,209, maintenance costs of \$876, other various costs of \$426 and transportation costs of \$43,781.

Capital Assets

At the end of the fiscal year 2010, the School District had \$578,822 invested in land and buildings. Table 4 shows fiscal 2010 balances compared to 2009.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2010</u>	<u>2009</u>
Land	\$ 30,000	\$ 30,000
Land Improvements	-	-
Building and Improvements	548,822	570,314
Totals	<u>\$ 578,822</u>	<u>\$ 600,314</u>

Overall capital assets decreased \$21,492 from fiscal year 2009 to fiscal year 2010 representing depreciation expenses for the year, with no net retirements of fixed assets during the year.

Debt Administration

At June 30, 2010, the School District had no outstanding debt. There were no compensated absences or capital leases. As the district is a Type I district, any debt is paid directly by the City of Corbin City. The allowable debt permitted by statute is \$1,762,782

For the Future

The City of Corbin City is primarily a residential community with very few ratables. The Corbin City School District continues to face challenges when developing the school district budget. High tuition rates for both regular and special education students, along with flat state aid funding, have put an enormous burden on local tax payers.

Previously, the State of New Jersey enacted Senate Bill A4141, the object of which was to clarify the procedures for the elimination of non-operating school districts, which includes the Corbin City School District. As noted in the prior year, the Corbin City district is in a sending-receiving relationship with more than one district and therefore, the district fell under phase two of the elimination process and was to continue moving forward. With regard to the elimination of the Corbin City non-operating district, the outcome is unknown at the present time.

The City of Corbin City School District ended the 2009-10 school year with an Undesignated Budget Basis Fund Balance of \$256,590 as compared to \$136,089 at June 30, 2009.

The Corbin City School District had been involved in a lawsuit regarding the lease/purchase agreement for its two vacant school buildings. As of the audit date, the Board of Education is in the process of transferring ownership of the Carl Road property to the City of Corbin City.

In conclusion, the Corbin City Board of Education will continue to provide resident students with the best possible education through the sending/receiving relationships with the Ocean City and Upper Township Boards of Education and will continue to make every effort to develop school district budgets that are financially responsible and stable while in existence.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Steven Terhune, School Business Administrator, Corbin City Board of Education, C/O Ocean City Board of Education, 501 Atlantic Avenue, Suite 1, Ocean City, NJ 08226-3891.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CITY OF CORBIN CITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 302,604	\$	\$ 302,604
Due from Other Funds	2		2
State Aid Receivable	12,803		12,803
Capital assets, net (Note 5):	578,822		578,822
Total Assets	<u>894,231</u>		<u>894,231</u>
LIABILITIES			
Deferred Revenue			
Accounts payable	1,540		1,540
Total liabilities	<u>1,540</u>		<u>1,540</u>
NET ASSETS			
Invested in capital assets, net of related debt	578,822		578,822
Restricted	120,467		120,467
Unrestricted	193,402		193,402
Total net assets	<u>\$ 892,691</u>	<u>\$</u>	<u>\$ 892,691</u>

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

CITY OF CORBIN CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:						
Support services:						
Tuition	\$ 1,348,789	\$ -	\$ -	\$ (1,348,789)	\$ -	\$ (1,348,789)
Student & instruction related services						
General and business administrative services		21,888		(21,888)		(21,888)
Central services		20,388		(20,388)		(20,388)
Plant operations and maintenance		24,882		(24,882)		(24,882)
Pupil transportation		66,230		(66,230)		(66,230)
Employee Benefits		1,449		(1,449)		(1,449)
Unallocated depreciation		21,492		(21,492)		(21,492)
Total governmental activities	\$ 1,505,118	\$ -	\$ -	\$ (1,505,118)		\$ (1,505,118)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				786,464		786,464
Federal and State aid not restricted				755,257		755,257
Investment Earnings				3,709		3,709
Miscellaneous Income				9,596		9,596
Total general revenues, special items, extraordinary items and transfers				1,555,026		1,555,026
Change in Net Assets				49,908		49,908
Net Assets—beginning				842,783		842,783
Net Assets—ending				\$ 892,691	\$ -	\$ 892,691

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

PROPRIETARY FUNDS

NONE

FIDUCIARY FUNDS

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

Payroll Fund - This Agency Fund is used to account for the payroll transactions of the school district.

CITY OF CORBIN CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 302,604	\$	\$ 302,604
State Aid Receivable	12,803		12,803
Due from other funds	2		2
	<hr/>	<hr/>	<hr/>
Total assets	\$ 315,409	\$	\$ 315,409
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,540	\$	\$ 1,540
	<hr/>	<hr/>	<hr/>
Total liabilities	1,540		1,540
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Reserved:			
Tuition Reserve	30,000		30,000
Emergency Reserve	90,467		90,467
Unreserved:			
Undesignated	193,402		193,402
	<hr/>	<hr/>	<hr/>
Total Fund balances	313,869		313,869
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 315,409	\$	
	<hr/> <hr/>	<hr/> <hr/>	

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 \$1,056,684 and the accumulated depreciation is \$477,862 (Note 6).

578,822

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7). None as of June 30, 2010.

-

Net assets of governmental activities

\$ 892,691

CITY OF CORBIN CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 786,464	\$	\$ 786,464
Interest Earned	3,709		3,709
Miscellaneous	9,596		9,596
	<hr/>	<hr/>	<hr/>
Total - Local Sources	799,769		799,769
State sources	646,809		646,809
Federal sources	108,448		108,448
	<hr/>	<hr/>	<hr/>
Total revenues	1,555,026		1,555,026
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Support services:			
Tuition	1,348,789		1,348,789
Student & instruction related services	-		-
General administrative services	21,888		21,888
Central services	20,388		20,388
Plant operations and maintenance	24,882		24,882
Pupil transportation	66,230		66,230
Employee benefits	1,449		1,449
	<hr/>	<hr/>	<hr/>
Total expenditures	1,483,626		1,483,626
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of revenues over expenditures	71,400		71,400
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
	<hr/>	<hr/>	<hr/>
Total other financing sources and uses			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	71,400		71,400
Fund balance—July 1	242,469		242,469
	<hr/>	<hr/>	<hr/>
Fund balance—June 30	\$ 313,869	\$	\$ 313,869
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF CORBIN CITY 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, 2010

Total net change in fund balances - governmental funds (from B-2) \$ 71,400

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(21,492)	
Capital outlays - net retirements		-	
		(21,492)	
Change in net assets of governmental activities (A-2)	\$		49,908

CITY OF CORBIN CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,244
Total assets	\$ 2,244
LIABILITIES	
Escrow	\$ 2,006
Payroll Deductions Payable	236
Due to General Fund	2
Total liabilities	\$ 2,244

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Corbin City School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally appointed Board form of government consisting of five members. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of eight square miles. It is located in Atlantic County and provides education for all of Corbin City's grades K through 12. The Corbin City School District is a sending district and, therefore, does not have a school facility.

A. Reporting Entity:

The Corbin City School District is a Type I district located in the State of New Jersey. As a Type I district, the Board consists of appointed officials (Type I school district) and is responsible for the fiscal control of the district. The purpose of the district is to provide education to students in grades K-12. The student count for the year ending June 30, 2010 was 76.

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Corbin City School District (District) have been prepared in conformity with generally accepted accounting principles (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.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2003.

A. Basis of Presentation:

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

District-wide Statements: The statement of net assets and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. 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 District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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. There were no grants in the 2009-10 fiscal year.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District currently has no capital projects, and, therefore, the accounting system of the District does not include a capital projects fund.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

Debt Service Fund – As the district is a Type I district, the City of Corbin City is responsible for the debt of the school district and, therefore, a Debt Service Fund is not maintained.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The accounting system of the district does not include any proprietary type funds.

As a sending district, an Enterprise Fund is not needed.

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

Internal Service Fund - The Corbin City School District does not maintain an Internal Service whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUNDS

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district does not maintain an Expendable Trust Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund 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. 6:20-2A.2 (m) 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.

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

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

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the district does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment. Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

Because the District is a non-operating district and grant funds are passed through to the Upper Township School District, the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds and the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types are the same and no reconciliation of the two bases of accounting was previously necessary

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Encumbrances Accounting:

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

Any open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end. The District had no balance in reserved for encumbrances at June 30, 2010.

F. Tuition Payable:

Tuition charges payable for the fiscal years 2007-08, 2008-09 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. There is no tuition income and, therefore, no tuition receivables.

G. Inventories and Prepaid Expenses:

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

Corbin City does not have inventories because it is a non-operating sending district.

H. Short -Term Interfund Receivables/Payables:

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

I. Assets, Liabilities and Equity:

Transactions

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Capital Assets - 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 prior to June 30, 2010 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

J. Compensated Absences:

The District does not grant vacation and sick leave to the two part-time employees.

K. Deferred Revenue:

Deferred revenue in the special revenue, if any, represents cash that has been received but not yet earned.

L. Long-term Obligations:

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The district does not have any long-term debt as of June 30, 2009 or 2010, as it is a Type I district.

M. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Accrued Liabilities:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements.

O. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Management Estimates:

In order for the preparation of general purpose financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Q. Net Assets:

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

R. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. 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 not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Revenues – Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

U. Extraordinary and Special Items:

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. CASH AND 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.

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.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

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

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

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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

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

Investments:

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2010, cash and cash equivalents in the fund financial statements of the District consisted of Checking Accounts.

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2009, \$59,601 of the districts entire bank balance of \$309,601 was uninsured, exposed to custodial credit risk and collateralized by the Government Unit Protection Act.

The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

NOTE 4. CAPITAL RESERVE ACCOUNT

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A 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 projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

Post-April 2005 transfers must be in compliance with P.L.2005, C.73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects in its approval LRFP. At June 30, 2010, the District had no capital reserve account.

NOTE 5. TUITION RESERVE

As permitted in NJAC 6A:23-3.1(f) the district has provided a reserve for 2008-2009 tuition in the amount of \$30,000.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets not being depreciated	<u>30,000</u>			<u>30,000</u>
Land Improvements	31,951			31,951
Building and building improvements	994,733			994,733
Totals at historical cost	<u>1,026,684</u>			<u>1,026,684</u>
Less accumulated depreciation for :				
Land Improvements	(31,951)			(31,951)
Building and improvements	(424,419)	(21,492)		(445,911)
Total accumulated depreciation	<u>(456,370)</u>	<u>(21,492)</u>		<u>(477,862)</u>
Total capital assets being depreciated, net of accumulated depreciation	570,314	(21,492)		548,822
Government activities capital assets, net	<u>\$ 600,314</u>	<u>\$ (21,492)</u>	<u>\$ -</u>	<u>\$ 578,822</u>

To A-1

Depreciation expense was charged to governmental functions
as unallocated: \$ 21,492

On September 14, 2004, the Board of Education turned over the vacant Griscom Mill Road School Property to the City of Corbin City. As of the audit date, the Board of Education is in the process of turning over the Carl Road Schools to the City of Corbin City.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7. GENERAL LONG-TERM DEBT

At June 30, 2010, the district had no long-term obligations.

NOTE 8. OPERATING AND CAPITAL LEASES

The District does not have any capital leases as of June 30, 2010.

NOTE 9. PENSION PLANS

Description of Plans – Substantially all of the School District’s employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers’ Pension and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.L. Box 295, Trenton, New Jersey, 08625-0295.

Teachers’ Pension and Annuity Fund – The Teachers’ Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66. The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of the annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

Public Employees’ Retirement System – The Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9. PENSION PLANS (CONT'D)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, was as follows:

<u>Public Employees Retirement System</u>						
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contrib Insurance</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2009	\$ 255	\$ 327	\$ 81	\$ 663	\$ -	\$ 244,828

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

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

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9. PENSION PLANS (CONT'D)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 2000, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. Chapter 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability.

Three-Year Trend Information for PERS

<u>Year</u>		<u>Annual</u>		<u>Percentage</u>		<u>Net</u>
<u>Funding</u>		<u>Pension</u>		<u>of APC</u>		<u>Pension</u>
		<u>Cost (APC)</u>		<u>Contributed</u>		<u>Obligation</u>
6/30/10	\$	663	100	%	\$	663
6/30/09		596	100			596
6/30/08		573	80			458

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u>		<u>Annual</u>		<u>Percentage</u>		<u>Net</u>
<u>Funding</u>		<u>Pension</u>		<u>of APC</u>		<u>Pension</u>
		<u>Cost (APC)</u>		<u>Contributed</u>		<u>Obligation</u>
6/30/10	\$	0	0	%	\$	0
6/30/09		0	0			0
6/30/08		23,680	100			0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$0 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$0 during the year ended June 30, 2010 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 basic financial statements.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. There are currently no plan administrators.

NOTE 12. CONTRACT WITH OCEAN CITY BOARD OF EDUCATION

As of July 1, 1997, the City of Corbin City School District entered into a contract with the Ocean City Board of Education for school business administrator and business office services.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has chosen to purchase insurance to transfer risk to outside parties.

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

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13. RISK MANAGEMENT (CONT'D)

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 trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ None	\$ 15	\$ 15	\$ 0
2008-2009	None	31	31	0
2007-2008	None	31	31	0

NOTE 14. COMPENSATED ABSENCES - None at June 30, 2010.

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

There exists an interfund payable June 30, 2010 of \$2.00 from the Payroll Fund to the General fund.

NOTE 16 DEFICIT FUND BALANCES

The District did not have a deficit fund balance in the General Fund or Special Revenue Fund as of June 30, 2010.

P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment (on the GAAP financial statements) until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficit in general fund balance does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 17. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$313,869 General Fund balance at June 30, 2010, \$90,467 is in an Emergency Reserve; \$30,000 has been reserved for Tuition; \$0 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$0 has been appropriated and also included as anticipated revenue for the year ending June 30, 2011; and there is an unreserved and undesignated fund balance of \$193,402.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the N.J.S.A. 18AS:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess fund balance at June 30, 2010. The excess fund balance at June 30, 2009 was \$. Pursuant to the provisions of Executive Order No. 14, \$ of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to 2009-10 withholding of state aid.

NOTE 19. TUITION ADJUSTMENTS PAYABLE

In an effort to address the funding of the tuition adjustment payable to the Upper Township Board of Education for the 2002-2003 fiscal year, without an undue burden being placed on the taxpayers, the Board entered into agreements to extend the payments beyond the normal statutory period of three years. The final payment of \$79,289.52 was made during the 2009-10 school year

NOTE 20. LITIGATION

Per the Solicitor, there are no material items of litigation.

NOTE 21. LEASE PURCHASE AGREEMENT AND SECURITY DEPOSIT

The Board of Education entered into a long term lease purchase agreement for a thirty year period affective June 1, 2005 for the sale of the vacant school buildings and ground on Carl Road. The total of the lease payments over the thirty year period is \$3,500,000 of which \$ 150,000 was timely received through July 2007. As part of the agreement, a \$50,000 security deposit was received in lieu of a surety bond, deposited into an interest bearing account and recorded in the trust fund of the District. Under the lease agreement, the tenant is responsible for maintenance on the Carl Road Schools, which was to relieve the District of this material ongoing expense. Effective May 5, 2009 a filed Management Order (Judgment) was issued in this matter by the Atlantic County Court setting forth terms of compliance for the tenant, part of which included that the \$50,000 security deposit is forfeited and released to the Board of Education. The \$50,000 was transferred to the general fund and reserved as a Reserve for Current Expense Emergencies prior to June 30, 2009. The lease purchase agreement was to terminate on October 1, 2009, if tenant had not complied with all of the actions contemplated by the Judgment.

CORBIN CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 21. LEASE PURCHASE AGREEMENT AND SECURITY DEPOSIT(CONT'D)

On December 22, 2009, a court proceeding determined that the terms of the lease were not met and the lease was terminated.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

CITY OF CORBIN CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 786,464	\$	\$ 786,464	\$ 786,464	\$
Interest Earnings				3,709	3,709
Miscellaneous Other	3,500		3,500	9,596	6,096
Total - Local Sources	789,964		789,964	799,769	9,805
State Sources:					
Categorical Special Education Aid	46,128		46,128	46,128	
Equalization Aid	597,686	(108,448)	489,238	489,238	
Categorical Security Aid	14,062		14,062	14,062	
Categorical Transportation Aid	94,874		94,874	82,374	(12,500)
Extraordinary Aid				12,662	12,662
Non-Public Transportation Aid				141	141
Total - State Sources	752,750	(108,448)	644,302	644,605	303
Federal Sources:					
ARRA - ESF		104,406	104,406	104,406	
ARRA - GSF		4,042	4,042	4,042	
		108,448	108,448	108,448	
TOTAL REVENUES	\$ 1,542,714	\$	\$ 1,542,714	\$ 1,552,822	\$ 10,108
EXPENDITURES:					
CURRENT EXPENSES					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	\$ 1,000,289	\$	\$ 1,000,289	\$ 1,000,289	\$
Tuition to Other LEAs within the State - Special	129,394		129,394	129,394	
Tuition to County Vo-Tech - Regular	14,315		14,315	14,315	
Tuition to County Vo-Tech - Special Ed.	41,959		41,959	41,959	
Tuition to CSSD and Regional Day Schools	158,773	(400)	158,373	107,146	51,227
Tuition to Priv Schools for Handicapped - w/in State	46,458	(13,650)	32,808	3,933	28,875
Tuition - State Facilities	51,753		51,753	51,753	
Total Undistributed Expenditures - Instruction	1,442,941	(14,050)	1,428,891	1,348,789	80,102
Other Support Services Students-Reg					
Purchased Professional - Educational Services	4,000		4,000		4,000
Total Undistributed Expenditures - Support Services Students - Reg	4,000		4,000		4,000
Other Support Services Students-Child Study Team					
Purchased Professional - Educational Services	600		600		600
Total Undistributed Expenditures - Support Services Students - Extra Serv	600		600		600

CITY OF CORBIN CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Revenue/ Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures					
Support Services/General Administration:					
Salaries	\$ 3,500	\$	\$ 3,500	\$ 3,500	\$
Legal Services	15,000	(1,000)	14,000	6,087	7,913
Audit Fees	4,800	-	4,800	4,725	75
Communications/Telephone		1,000	1,000	206	794
BOE Other Purchased Services	600		600	100	500
Other Purchased Services	6,900		6,900	6,172	728
BOE Membership Dues/Fees	1,200		1,200	1,098	102
Total Undistributed Expenditures - Support Services/General Administration	32,000		32,000	21,888	10,112
Central Services and Information Technology					
Purchased Professional Services	20,385		20,385	20,385	
Miscellaneous	500		500	3	497
Total Undist. Expend. - Central Services	20,885		20,885	20,388	497
Other Operation and Maintenance of Plant Services:					
Custodial Services					
Cleaning Repair and Maintenance Services		15,636	15,636	14,927	709
Insurance	6,700	(845)	5,855	5,854	1
Electricity		615	615	449	166
Care and Upkeep of Grounds					
Cleaning Repair and Maintenance Services		2,050	2,050	2,050	
Security					
Purch. Professional and Technical Services		1,602	1,602	1,602	
Total Other Operation and Maintenance of Plant	6,700	19,058	25,758	24,882	876
Student Transportation Services:					
Aid in Lieu of Payment - Non-Public Students		1,616	1,616	1,616	
Contracted Services (between home and school) - Joint Agreements					
	36,996		36,996	25,411	11,585
Contracted Services (special education students) Joint Agreements					
	78,023	(6,624)	71,399	39,203	32,196
Total Undistributed Expenditures - Student Transportation Services	115,019	(5,008)	110,011	66,230	43,781
Personal Services - Employee Benefits:					
Social Security Contribution	575		575	267	308
Other Retirement Contributions	725		725	663	62
Unemployment Compensation	50		50	19	31
Workmen's Compensation	525		525	500	25
Total Business and Other Support Services	1,875		1,875	1,449	426

CITY OF CORBIN CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Expenditures</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>		
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
On-behalf TPAF Post Retirement Medical Contributions	\$	\$	\$	\$	\$
Total Undistributed Expenditures	1,624,020		1,624,020	1,483,626	140,394
TOTAL EXPENDITURES - CURRENT EXPENSE	1,624,020		1,624,020	1,483,626	140,394
CAPITAL OUTLAY:					
Facilities Acquisition & Construction Services:					
TOTAL EXPENDITURES	1,624,020		1,624,020	1,483,626	140,394
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(81,306)		(81,306)	69,196	150,502
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(81,306)		(81,306)	69,196	150,502
Fund Balances, July 1	307,861		307,861	307,861	
Fund Balances, June 30	\$ 226,555	\$	\$ 226,555	\$ 377,057	\$ 150,502
RECAPITULATION					
Reserved:					
Emergency Reserve				\$ 90,467	
Tuition Reserve 2009-10 payable 2011-12				30,000	
Unreserved:					
Unrestricted Fund Balance				256,590	
				<u>377,057</u>	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment not recognized on GAAP Basis				(63,188)	
Fund Balance per Governmental Funds (GAAP)				\$ <u>313,869</u>	

CITY OF CORBIN CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
ARRA SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Fund 16					
Undistributed Expenditures					
Tuition to Other LEAs within the State - Special	\$	\$ 104,406	\$ 104,406	\$ 104,406	\$
Total General Current Expense - Fund 16		<u>104,406</u>	<u>104,406</u>	<u>104,406</u>	
Fund 17					
Undistributed Expenditures					
Tuition to Other LEAs within the State - Special		4,042	4,042	4,042	
Total General Current Expense - Fund 17		<u>4,042</u>	<u>4,042</u>	<u>4,042</u>	
TOTAL EXPENDITURES ARRA	\$	<u>\$ 108,448</u>	<u>\$ 108,448</u>	<u>\$ 108,448</u>	\$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORBIN CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1] \$ 1,552,822	[C-2]	\$ -
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	65,392		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(63,188)		
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 [B-2] \$ <u>1,555,026</u>	 [B-2]	 \$ <u>-</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,483,626	[C-2]	\$ -
Differences - budget to GAAP			
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.			
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] \$ <u>1,483,626</u>	 [B-2]	 \$ <u>-</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

NONE

CAPITAL PROJECTS FUND DETAIL STATEMENT

NONE

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

PROPRIETARY FUND DETAIL STATEMENTS

NONE

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

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

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

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

LONG-TERM DEBT SCHEDULES

NONE

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

CITY OF CORBIN CITY SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

	<u>Payroll</u>	<u>Escrow Deposit</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
ASSETS:				
Cash and Cash Equivalents	\$ 238	\$ 2,006	\$ 2,244	\$ 1,989
Total Assets	<u>\$ 238</u>	<u>\$ 2,006</u>	<u>\$ 2,244</u>	<u>\$ 1,989</u>
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholdings	\$ 236	\$	\$ 236	\$
Escrow Deposit		2,006	2,006	1,987
Amount Due to General Fund	2		2	2
Total Liabilities	<u>\$ 238</u>	<u>\$ 2,006</u>	<u>\$ 2,244</u>	<u>\$ 1,989</u>

CITY OF CORBIN CITY SCHOOL DISTRICT
RENTAL ESCROW TRUST FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:		
Local sources:		
Deposit	\$	
Interest on investments	19	\$ 555
	<u>19</u>	<u>555</u>
OPERATING EXPENSES:		
Forfeited to Board of Education		(50,000)
Operating Income (Loss)	19	(49,445)
Net Assets - July 1	<u>1,987</u>	<u>51,432</u>
Net Assets - June 30	<u>\$ 2,006</u>	<u>\$ 1,987</u>

CITY OF CORBIN CITY SCHOOL DISTRICT
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2	\$ 3,572	\$ 3,336	\$ 238
Total Assets	<u>\$ 2</u>	<u>\$ 3,572</u>	<u>\$ 3,336</u>	<u>\$ 238</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$	\$ 3,572	3,336	\$ 236
Amount Due to General Fund	<u>2</u>			<u>2</u>
Total Liabilities	<u>\$ 2</u>	<u>\$ 3,572</u>	<u>\$ 3,336</u>	<u>\$ 238</u>

STATISTICAL SECTION

CITY OF CORBIN CITY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities							
Invested in Capital Assets, net of related debt	\$ 732,026	\$ 686,282	\$ 664,790	\$ 643,298	\$ 621,806	\$ 600,314	\$ 578,822
Restricted			270,155	252,673	224,878	171,773	120,467
Unrestricted	(56,280)	37,689	73,769	112,569	174,322	70,696	193,402
Total Governmental Activities Net assets	<u>\$ 675,746</u>	<u>\$ 723,971</u>	<u>\$ 1,008,714</u>	<u>\$ 1,008,540</u>	<u>\$ 1,021,006</u>	<u>\$ 842,783</u>	<u>\$ 892,691</u>
Business-Type Activities							
Invested in Capital Assets, net of related debt	\$	\$	\$	\$	\$	\$	\$
Restricted							
Unrestricted							
Total Business-Type Activities Net Assets	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District-Wide							
Invested in Capital Assets, net of related debt	\$ 732,026	\$ 686,282	\$ 664,790	\$ 643,298	\$ 621,806	\$ 600,314	\$ 578,822
Restricted			270,155	252,673	224,878	171,773	120,467
Unrestricted	(56,280)	37,689	73,769	112,569	174,322	70,696	193,402
Total District-Wide Net Assets	<u>\$ 675,746</u>	<u>\$ 723,971</u>	<u>\$ 1,008,714</u>	<u>\$ 1,008,540</u>	<u>\$ 1,021,006</u>	<u>\$ 842,783</u>	<u>\$ 892,691</u>

CITY OF CORBIN CITY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
Support Services							
Tuition	\$ 1,155,185	\$ 1,269,200	\$ 1,218,815	\$ 1,425,008	\$ 1,418,429	\$ 1,489,028	\$ 1,348,789
Student and Instruction Related Services	12,023	2,070	1,200	1,860	4,010	1,600	
General Administrative Services	16,979	21,009	17,163	16,273	16,702	19,719	21,888
Central services			16,908	20,402	20,385	20,577	20,388
Plant Operations and Maintenance	34,483	22,636	5,005	5,817	5,515	6,048	24,882
Pupil Transportation	89,153	105,124	42,040	74,811	110,725	93,671	66,230
Employee Benefits	41,192	42,179	26,278	25,425	25,237	1,373	1,449
Unallocated Depreciation and Amortization	25,901	21,492	21,492	21,492	21,492	21,492	21,492
Total Governmental Activities Expenses	<u>1,374,916</u>	<u>1,483,710</u>	<u>1,348,901</u>	<u>1,591,088</u>	<u>1,622,495</u>	<u>1,653,508</u>	<u>1,505,118</u>
Total District Expenses	<u>\$ 1,374,916</u>	<u>\$ 1,483,710</u>	<u>\$ 1,348,901</u>	<u>\$ 1,591,088</u>	<u>\$ 1,622,495</u>	<u>\$ 1,653,508</u>	<u>\$ 1,505,118</u>
Program Revenues							
Governmental Activities							
Operating Grants and Contributions	\$	\$ 59,847	\$ 40,153	\$ 24,067	\$ 23,680	\$	\$
Total Governmental Activities Program Revenues		<u>59,847</u>	<u>40,153</u>	<u>24,067</u>	<u>23,680</u>		
Total District Program Revenues	<u>\$</u>	<u>\$ 59,847</u>	<u>\$ 40,153</u>	<u>\$ 24,067</u>	<u>\$ 23,680</u>	<u>\$</u>	<u>\$</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (1,374,916)	\$ (1,423,863)	\$ (1,308,748)	\$ (1,567,021)	\$ (1,598,815)	\$ (1,653,508)	\$ (1,505,118)
Total District-Wide Net Expense	<u>\$ (1,374,916)</u>	<u>\$ (1,423,863)</u>	<u>\$ (1,308,748)</u>	<u>\$ (1,567,021)</u>	<u>\$ (1,598,815)</u>	<u>\$ (1,653,508)</u>	<u>\$ (1,505,118)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Property Taxes Levied for General Purposes, net	\$ 425,501	\$ 740,776	\$ 794,617	\$ 763,006	\$ 759,100	\$ 786,464	\$ 786,464
Unrestricted Grants and Contributions	719,064	752,732	743,198	711,022	732,190	721,645	755,257
Investment Earnings	2,583	2,467	3,154	5,372	5,733	4,291	3,709
Miscellaneous Income	16,967	(23,887)	52,522	90,010	114,258	885	9,596
Transfer to Charter School				(2,563)			
Net Cancellation of Lease Receivable		(24,252)				(38,000)	
Total Governmental Activities	<u>1,164,115</u>	<u>1,447,836</u>	<u>1,593,491</u>	<u>1,566,847</u>	<u>1,611,281</u>	<u>1,475,285</u>	<u>1,555,026</u>
Total District-Wide	<u>\$ 1,164,115</u>	<u>\$ 1,447,836</u>	<u>\$ 1,593,491</u>	<u>\$ 1,566,847</u>	<u>\$ 1,611,281</u>	<u>\$ 1,475,285</u>	<u>\$ 1,555,026</u>
Change in Net Assets							
Governmental Activities	\$ (210,801)	\$ 23,973	\$ 284,743	\$ (174)	\$ 12,466	\$ (178,223)	\$ 49,908
Total District-Wide	<u>\$ (210,801)</u>	<u>\$ 23,973</u>	<u>\$ 284,743</u>	<u>\$ (174)</u>	<u>\$ 12,466</u>	<u>\$ (178,223)</u>	<u>\$ 49,908</u>

Source: CAFR Schedule A-2

CITY OF CORBIN CITY SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$	\$	\$ 270,155	\$ 283,916	\$ 224,878	\$ 171,773	\$ 120,467
Unreserved	(56,280)	37,689	73,769	81,326	174,322	70,696	193,402
Total General Fund	\$ (56,280)	\$ 37,689	\$ 73,769	\$ 365,242	\$ 399,200	\$ 242,469	\$ 313,869
All Other Governmental Funds							
Reserved	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:							
Special Revenue Fund							
Capital Projects Fund							
Debt Service Fund							
Permanent Fund							
Total All Other Governmental Funds	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

**CITY OF CORBIN CITY SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax Levy	\$ 86,582	\$ 122,866	\$ 235,550	\$ 425,501	\$ 740,776	\$ 794,617	\$ 763,006	\$ 759,100	\$ 786,464	\$ 786,464
Rent	73,950	55,667	51,326				90,000	96,000		
Interest Earnings	9,651	6,402	4,070	2,583	2,467	3,154	5,372	5,733	4,291	3,709
Miscellaneous	200	225	6,666	16,967	365	52,522	10	18,258	885	9,596
State Sources	586,507	645,631	667,862	719,279	812,579	783,351	735,089	755,870	721,645	646,809
Federal Sources										108,448
Total Revenues	756,890	830,791	965,474	1,164,330	1,556,187	1,633,644	1,593,477	1,634,961	1,513,285	1,555,026
Expenditures										
Instruction										
Regular Instruction		1,370								
Support Services										
Tuition	667,482	702,390	977,486	1,155,185	1,269,200	1,218,815	1,425,008	1,418,429	1,489,028	1,348,789
Student and Instruction Related Services	23,358			12,023	2,070	1,200	1,860	4,010	1,600	-
General Administrative Services	13,584	15,729	16,887	16,979	21,009	17,163	16,273	16,702	19,719	21,888
Central Services						16,908	20,402	20,385	20,577	20,388
Plant Operations and Maintenance	2,831	4,208	4,224	34,483	22,636	5,005	5,817	5,515	6,048	24,882
Pupil Transportation	61,284	84,769	96,793	89,153	105,124	42,040	74,811	110,725	93,671	66,230
Business and Other Support Services	15,675	24,271	23,578	17,430	16,868	1,243				
Unallocated Employee Benefits	634	636	17,689	23,762	25,311	25,035	25,425		1,373	1,449
Pass-through to Other School Districts	3,655	4,356	4,786							
Capital Outlay	25,585	8,160								
Total Expenditures	814,088	845,889	1,141,443	1,349,015	1,462,218	1,327,409	1,569,596	1,601,003	1,632,016	1,483,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,198)	(15,098)	(175,969)	(184,685)	93,969	306,235	23,881	33,958	(118,731)	71,400
Other Financing Sources (Uses)										
Transfer to Charter School	(16,328)	(14,332)	(7,166)				(2,563)		(38,000)	
Net Cancellation of Lease Account receivable										
Total Other Financing Sources (Uses)	(16,328)	(14,332)	(7,166)	-	-	-	(2,563)	-	(38,000)	-
Net Change in Fund Balances	\$ (73,526)	\$ (29,430)	\$ (183,135)	\$ (184,685)	\$ 93,969	\$ 306,235	\$ 21,318	\$ 33,958	\$ (156,731)	\$ 71,400
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

CITY OF CORBIN CITY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Orders</u> <u>Cancelled</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2010	\$ 3,709	\$	\$	9,596	\$ 13,305
2009	4,291			885	5,176
2008	5,733		96,000	18,258	119,991
2007	5,372		90,000	10	95,382
2006	3,154		52,000	522	55,676
2005	2,467			365	2,832
2004	2,583			16,967	19,550
2003	4,070		51,326	6,666	62,062
2002	6,402		55,667	225	62,294
2001	9,651		73,950	200	83,801

Source: District Records

**CITY OF CORBIN CITY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm Regular		Qfarm		Commercial		Industrial		Apart.		Total Assessed Value		Tax-Exempt Property		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized) Value
	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		
2010	1,684,500		27,016,400		507,500		107,500		3,331,700						32,647,600		6,373,200		79,300		32,726,900		2.403		\$ 56,382,917
2009	1,727,000		26,690,200		214,700		107,500		3,233,700						31,973,100		6,373,200		80,200		32,053,300		2.454		\$ 56,382,917
2008	1,742,000		25,984,500		258,000		105,500		2,398,900						30,488,900		6,373,200		57,400		30,546,300		2.575		\$ 69,937,165
2007	1,753,500		24,908,900		258,000		105,500		2,398,900						29,424,800		6,518,900		74,674		29,499,474		2.573		\$ 46,915,878
2006	1,845,200		24,987,200		258,000		93,900		2,752,200						29,936,500		6,326,200		114,001		30,050,501		2.539		\$ 28,935,783
2005	1,905,800		24,190,000		304,000		93,900		2,661,700						29,155,400		6,424,000		122,625		29,278,025		2.714		\$ 28,012,490
2004	1,974,900		23,342,900		304,000		93,900		2,661,700						28,377,400		6,449,300		122,012		28,499,412		2.599		\$ 28,269,974
2003	2,040,500		22,125,900		304,000		93,900		2,472,900						27,037,200		6,510,100		134,548		27,171,748		1.566		\$ 28,463,207
2002	2,304,700		21,215,700		304,000		76,600		2,278,900						26,179,900		6,480,700		134,812		26,314,712		1.566		\$ 26,034,109
2001	2,305,500		19,899,700		304,000		76,600		2,278,883						24,864,683		6,483,300		135,587		25,000,270		0.895		\$ 24,494,811

Source: District records Tax list summary & 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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Estimate

CITY OF CORBIN CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	City of Corbin City Board of Education			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	City of Corbin City	Atlantic County	Total
2010	\$ 2.403	\$	\$ 2.403	\$ 0.258	\$ 0.555	\$ 3.216
2009	2.454		2.454	0.207	0.526	3.187
2008	2.575		2.575	0.277	0.657	3.509
2007	2.573		2.573	0.287	0.489	3.349
2006	2.539		2.539	0.272	0.351	3.162
2005	2.714		2.714	0.272	0.410	3.396
2004	2.599		2.599	0.233	0.485	3.317
2003	1.566		1.566	0.338	0.462	2.366
2002	1.566		1.566	0.338	0.462	2.366
2001	0.895		0.895	0.353	0.496	1.744

Source: District Records and Municipal Tax Collector

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

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

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

CITY OF CORBIN CITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Mar-Jer Inc	\$ 751,600	2.30%	\$	
Individual Taxpayer #1	496,900	1.52%	396,800	1.30%
Individual Taxpayer #2	378,700	1.16%	209,300	0.69%
Individual Taxpayer #3	372,700	1.14%	202,100	0.66%
Individual Taxpayer #4	351,500	1.07%	187,400	0.61%
Individual Taxpayer #5	343,500	1.05%	186,000	0.61%
Individual Taxpayer #6	342,900	1.05%	185,300	0.61%
Individual Taxpayer #7	328,500	1.00%	168,800	0.55%
Individual Taxpayer #8	319,800	0.98%	164,300	0.54%
Individual Taxpayer #9	319,400	0.98%		0.00%
The Family Godfather			289,600	1.83%
Wintersrun Communications, Inc.			202,400	1.28%
Total	\$ 4,005,500	12.24%	\$ 2,192,000	8.68%

Source: District CAFR & Municipal Tax Assessor

CITY OF CORBIN CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2010	\$ 786,464	\$ 786,464	100.00%	\$ -
2009	786,464	786,464	100.00%	-
2008	759,100	759,100	100.00%	-
2007	763,006	763,006	100.00%	-
2006	794,617	794,617	100.00%	-
2005	740,776	740,776	100.00%	-
2004	425,501	425,501	100.00%	-
2003	235,550	235,550	100.00%	-
2002	122,866	122,866	100.00%	-
2001	86,582	86,582	100.00%	-

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

Note:

CITY OF CORBIN CITY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2010	\$	\$	\$	\$	\$		\$	
2009								
2008								
2007								
2006								
2005								
2004								
2003								
2002								
2001								

N/A

Source: District CAFR

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

CITY OF CORBIN CITY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^u
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
2010	\$	\$	\$		\$
2009					
2008					
2007					
2006					
2005					
2004					
2003					
2002					
2001					

N/A

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

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

b Population data can be found in Exhibit NJ J-13.

CITY OF CORBIN CITY SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Corbin City	\$ 257,460	100%	\$ 257,460
Other debt			
County of Atlantic - City's Share	132,915,531	0.10%	133,373
Subtotal, Overlapping Debt			390,833
City of Corbin City School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 390,833

Sources: City of Corbin City Finance Officer and Atlantic County Finance Office

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 Corbin City. 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.

CITY OF CORBIN CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis	
2009	\$ 55,364,675
2008	53,564,476
2007	67,349,050
[A]	\$ 176,278,201
Average Equalized Valuation of Taxable Property	[A/3] \$ 58,759,400
Debt Limit (3% of Average Equalization Value)	[B] 1,762,782 ^a
Net Bonded School Debt	[C] -
Legal Debt Margin	[B-C] \$ 1,762,782

FISCAL YEAR

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 723,449	\$ 731,898	\$ 746,652	\$ 789,921	\$ 827,673	\$ 847,457	\$ 1,038,763	\$ 1,429,553	\$ 1,685,073	\$ 1,762,782
Total Net Debt Applicable to Limit										
Legal Debt Margin	\$ 723,449	\$ 731,898	\$ 746,652	\$ 789,921	\$ 827,673	\$ 847,457	\$ 1,038,763	\$ 1,429,553	\$ 1,685,073	\$ 1,762,782

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

In accordance with the statutes governing Type I school districts, any bonded debt of the City of Corbin City School District is assumed by the City of Corbin City and provision for amortization of principal and interest on the outstanding debt is included in the City's budget.

Source: Abstract of Rates and District Records CAFR Schedule J-7

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

CITY OF CORBIN CITY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^{*c}	<u>Unemployment Rate</u> ^d
2010	** 540	\$ 22,820,914	\$ 42,261	** 8.50%
2009	531	21,786,957	41,030	** 9.10%
2008	520	20,714,200	39,835	5.00%
2007	518	18,587,394	35,883	4.00%
2006	525	19,526,850	37,194	4.00%
2005	526	18,844,476	35,826	3.60%
2004	520	18,028,920	34,671	4.40%
2003	513	17,248,599	33,623	4.90%
2002	501	16,458,351	32,851	4.60%
2001	489	15,811,815	32,335	3.90%

** Estimate

* Reflects information for Atlantic County, rather than the City of Corbin City.

Source:

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

^b Personal income

^c Per Capita

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

CITY OF CORBIN CITY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	<u>2010</u>		<u>2001</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>

NOT AVAILABLE

Source:

CITY OF CORBIN CITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular										
Special education										
Other special education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services	2	2	2	2	2	2	2	2	1	1
School administrative services										
Business administrative services										
Plant operations and maintenance										
Pupil transportation										
Food Service										
Total	2	2	2	2	2	2	2	2	1	1

Source: District Personnel Records

**CITY OF CORBIN CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

N/A

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	76.5	\$ 1,483,626	\$ 19,394	15.27%							
2009	97.0	1,632,016	16,825	0.89%							
2008	96.0	1,601,003	16,677	-1.19%							
2007	93.0	1,569,596	16,877	33.50%							
2006	105.0	1,327,409	12,642	-1.44%							
2005	114.0	1,462,218	12,826	5.06%							
2004	110.5	1,349,015	12,208	27.81%							
2003	119.5	1,141,443	9,552	20.29%							
2002	105.5	837,729	7,941	-4.33%							
2001	95.0	788,503	8,300	-3.39%							

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

CITY OF CORBIN CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
--	------	------	------	------	------	------	------	------	------	------

District Building
Elementary

Square Feet
 Capacity (students)
 Enrollment

Middle School

Square Feet
 Capacity (students)
 Enrollment

Other

Administration Building
 Square Feet
 Transportation
 Square Feet
 Maintenance Offices
 Square Feet

N/A

Number of Schools at June 30, 2010

Early Learning Center =
 Elementary =
 Middle School =
 Other =

Source: District records, ASSA

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

Corbin City is a non-operating school district and does not utilize any school buildings for educational purposes

CITY OF CORBIN CITY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Gross Square Footage										
School Facilities										
Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,189	\$ 6,862	\$ 400	\$ 950	\$ 387
Total School Facilities	-	-	-	-	-	11,189	6,862	400	950	387
Other Facilities	-	-	-	-	-	-	-	-	-	-
Grand Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,189	\$ 6,862	\$ 400	\$ 950	\$ 387

CITY OF CORBIN CITY SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group (Willis Pooling, Inc.)	Property Blanket Building & Contents	300,000,000	1,000
	Blanket Extra Expense	50,000,000	1,000
	Valuable Papers	10,000,000	1,000
	Comprehensive General Liability	6,000,000	1,000
	Comprehensive Automobile Liability	6,000,000	1,000
	Boiler & Machinery Coverage		
	Property Damage	100,000,000	1,000
	Workers' Compensation & Employer's Liability Agreement	2,000,000	
	Public Employees' Faithful Performance		
	Blanket Position Bond		
	Faithful Performance Bond	25,000	500
	Steve Terhune, Business Administrator	5,000	500
	Beverly J. Totten, Treasurer of School Funds	125,000	1,000
	Errors and Omissions		
	Coverage A	1,000,000	5,000
	Coverage B	100,000/300,000	5,000

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 28, 2010

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

The Honorable President and
Members of the Board of Education
Corbin City School District
County of Atlantic, New Jersey 08250

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the Board of Education of the City of Corbin City School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the City of Corbin City School District in the County of Atlantic, State of New Jersey and have issued our report thereon dated September 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the Corbin City Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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September 28, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Corbin City School District
County of Atlantic, New Jersey 08250

Compliance

We have audited the compliance of the Board of Education of the Corbin City School District, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2010. The Corbin City Board of Education's state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Corbin City Board of Education's management. Our responsibility is to express an opinion on the Corbin City Board of Education's compliance based on our audit.

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

In our opinion, the Board of Education of the Corbin City School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, management, the Corbin City Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

CITY OF CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjust- ments	Repayment of Prior Years' Balances	Balance at June 30, 2010	
											(Accounts Receivable)	Deferred Revenue
General Fund												
ARRA-SFSF-ESF(Edu. State Grant)	84.394	N/A	\$104,406	7/1/09 6/30/10			\$104,406	(\$104,406)				
ARRA-SFSF-GSF(Government Service	84.397	N/A	4,042	7/1/09 6/30/10			4,042	(4,042)				
							\$108,448	(\$108,448)				

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule

**CITY OF CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SCHEDULE B

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Yr ¹ Balance	Balance at June 30, 2010		MEMO	
				Deferred Revenue (Accounts Receivable)	Due To Grantor				Deferred Revenue/Interfund Payable	Due to Grantor		
State Department of Education												
General Fund:												
Equalization Aid	10-495-034-5120-078	\$489,238	7/1/09 to 6/30/10			\$440,307	(\$489,238)				* (\$48,931)	\$489,238
Transportation Aid	10-495-034-5120-014	82,374	7/1/09 to 6/30/10			74,136	(82,374)				*	82,374
Special Education Aid	10-495-034-5120-089	46,128	7/1/09 to 6/30/10			41,515	(46,128)				*	46,128
Security Aid	10-495-034-5120-084	14,062	7/1/09 to 6/30/10			12,656	(14,062)				*	14,062
Extraordinary Aid	10-100-034-5120-473	12,662	7/1/09 to 6/30/10				(12,662)		(\$12,662)		*	12,662
Non-Public Transportation	10-495-034-5120-014	141	7/1/09 to 6/30/10				(141)		(141)		*	141
Total State Financial Assistance						\$568,614	(\$644,605)		(\$12,803)		(\$63,188)	\$644,605

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

CITY OF CORBIN CITY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, City of Corbin City School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies are included on the schedule of expenditures of state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state 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 basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in 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, where applicable, on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund, where applicable, 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 a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

There was a net adjustment to reconcile from the budgetary basis to the GAAP basis for the general fund in the amount of \$2,204 and none in the special revenue fund during the year. See Note 2d (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

CITY OF CORBIN CITY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$108,448	\$646,809	\$755,257
Special Revenue Fund	<u>0</u>	<u>0</u>	<u>0</u>
Total Awards & Financial Assistance	<u>\$108,448</u>	<u>\$646,809</u>	<u>\$755,257</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: FEDERAL AND STATE LOANS OUTSTANDING

The City of Corbin City had no outstanding loans as of June 30, 2010.

NOTE 6: OTHER

The amount reported as TPAF pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. There was no Social Security Contributions to be reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

**CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X reported none

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes _____ reported none

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00
 Auditee qualified as low-risk auditee? x yes _____ no

**CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

Internal control over major programs:

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

2) Reportable condition(s) identified that
are not considered to be material
weaknesses? _____ yes _____ X none reported

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
10-495-034-5120-078	Equalization Aid
10-495-034-5120-089	Special Education
10-495-034-5120-084	Security aid

**CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)**

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

FEDERAL AWARDS N/A

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CORBIN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)**

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

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**CORBIN CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE