

SCHOOL DISTRICT

OF

LAVALLETTE



**LAVALLETTE BOARD OF EDUCATION
LAVALLETTE, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY

**LAVALLETTE BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAVALLETTE SCHOOL DISTRICT

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INTRODUCTORY SECTION

LAVALLETTE BOARD OF EDUCATION

*105 Brooklyn Avenue
Lavallette, New Jersey 08735*

Peter S. Morris, Ed.D.

Superintendent
(732) 793-7722

Patricia A. Christopher, CPA

Business Administrator
(732) 793-7402

November 10, 2010

Honorable President and Members
Board of Education of the Borough of Lavallette
105 Brooklyn Avenue
Lavallette, NJ 08735

Dear Board Members:

The comprehensive annual financial report of the Lavallette School District (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 our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Lavallette School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lavallette Board of Education and its single school constitute the District's reporting entity.

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 209 students, an increase of 2 students from June, 2009. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2009-2010	148.6	6.4%
2008-2009	139.6	-5.9%
2007-2008	148.4	5.0%
2006-2007	141.3	-
2005-2006	141.3	-1.6%
2004-2005	143.6	-8.1%
2003-2004	156.3	-4.1%
2002-2003	162.9	-8.4%
2001-2002	177.9	6.7%
2000-2001	166.8	-1.2%

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, twenty-seven blocks long and four blocks wide, Lavallette is a charming, residential seashore resort community. Enjoyed by many thousands of visitors in the summertime, Lavallette has a year-round population of under 3,000 residents, approximately one-third of whom may be classified as senior citizens. Employment is largely associated with the summer tourist industry (i.e., motels, restaurants, gift shops, clothing stores, etc.), although a number of the businesses maintain year-round operations. Many of Lavallette's residents are employed either directly or indirectly in this service industry. As part of a barrier island, Lavallette is landlocked between two sections of Dover Township on the north and south, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. For the fifth year in a row the Lavallette Elementary School has tracked progressive increases in achievement scores reported for math, reading and writing on standardized tests. Programming during the 2009-2010 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

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

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

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

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

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

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2010, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increases/(Decreases) from 2009</u>	
			<u>\$</u>	<u>%</u>
Local	\$3,404,333	85%	\$155,741	4.8%
State	462,000	12%	-17,899	-4.5%
Federal	<u>132,888</u>	<u>3%</u>	<u>70,600</u>	113.3%
Total	<u>\$3,999,221</u>	<u>100%</u>	<u>\$ 199,823</u>	5.3%

The local tax levy increased year-to-year \$117,685. Interest earned, tuition and miscellaneous income equaled \$113,265, an increase of \$29,427 from 2008/2009.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2010, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2008</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,305,873	33.06%	46,857	3.7 %
Undistributed				
Instruction	978,737	24.78%	(43,776)	(4.3)%
Other Expend	1,499,412	37.96%	234,785	18.57%
Capital Outlay	15,229	.38%	13,830	988.7%
Debt Service				
Principal	100,000	2.53%	-	- %
Interest	<u>50,765</u>	<u>1.29%</u>	<u>(2,637)</u>	(4.9)%
Total	<u>\$3,950,016</u>	<u>100.00%</u>	<u>\$ 249,059</u>	6.7%

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Lavallette's enviable position as one of the state's lowest school taxpaying districts. During 2010 Lavallette taxpayers were assessed the lowest general school tax for an operating school district in Ocean County. Faculty salaries increased and included expanded teacher hours for regular education and special education instruction. Capital Outlay monies were used for special education equipment.

8. DEBT ADMINISTRATION: On August 5, 2000 the District sold \$600,000 of school bonds at 5.15% for the purpose of replacing heating and air conditioning units and other energy conservation projects in the Lavallette Elementary School.

On March 8, 2005 the District sold \$1,187,000 of school bonds at a net interest rate of 4.109% for the purpose of renovations at the Lavallette Elementary School.

At June 30, 2010, the District's outstanding debt was \$1,100,000.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$303,882 in cash and temporary investments at June 30, 2010.

The school food service fund receives a small amount of federal funding due to the low percentage of families eligible for meal benefits (free and reduced lunches). The food services staff is proud of the nutritious lunches served daily to the students, faculty and other staff, and they have taken steps to hold down expenses in an effort to reach financial goals to limiting the financial support that the school service fund receives from the Board.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

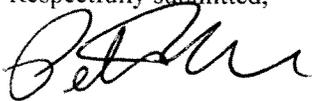
11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Lavallette Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Lavallette, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Dr. Peter S. Morris, Ed.D.
Superintendent



Patricia A. Christopher, CPA
School Business Administrator/Board Secretary

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2010

Members of the Board of Education:Term Expires:

Alison Zylinski, President,

2011

Thomas Dering, Vice President

2012

MaryAnn Baginski, Board Member

2013

Steve Shohfi, Board Member

2011

Lisa Taylor, Board Member

2012

Other Officials:

Dr. Peter S. Morris, Superintendent

Patricia A. Christopher, CPA, School Business Administrator/Board Secretary

Joan Buczkowski, Treasurer

LAVALLETTE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm:

Robert A. Hulsart and Company

Certified Public Accountants

2807 Hurley Pond Road

Wall, New Jersey 07719

Attorney:

Francis J. Campbell, Esq.

Reussille, Mausner, Carotenuto, Burger, Kenny & Steel, LLC

365 Broad Street

P.O. Box 580

Red Bank, NJ 07701

Official Depository:

TD Bank

Hooper Avenue

Toms River, NJ 08735

**LAVALLETTE BOARD OF EDUCATION
ORGANIZATION CHART
(UNIT CONTROL)**

BOARD OF EDUCATION

SUPERINTENDENT

School Business Administrator/
Board Secretary

Secretary to the Superintendent

Teaching Staff:

Bookkeeper

K-8

Director of Buildings and Grounds

School Nurse

Custodial Staff

Foreign Language

Food Service Director

Physical Education

Food Service Staff

Resource

Attendance Officer

Basic Skills

Treasurer

Speech

Media Center

Music

Art

Guidance Counselor

Occupational Therapist

Aides

FINANCIAL SECTION

Robert A. Hulsart and Company

10.

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Lavallette School District, in the County of Ocean, 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 Lavallette Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, 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 Lavallette Board of Education, in the County of Ocean, 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 our report dated November 10, 2010, on our consideration of the Lavallette Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 14 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lavallette Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information 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 and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information 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 schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, 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,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 10, 2010

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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**REPORT ON COMPLIANCE AND 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**

K-1

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Lavallette School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 10, 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 Lavallette 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 Lavallette Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lavallette Board of Education's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Lavallette Board of Education's general-purpose 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 general-purpose 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 Lavallette 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.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

November 10, 2010

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

LAVALLETTE SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

This section of the School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental Funds – are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains three individual government funds: the general fund, special revenue fund and capital projects fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds – The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the enterprise fund is the Food Service operation. The basic proprietary fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds – are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for payroll transactions. The basic fiduciary fund statements can be found as Exhibit B-7 and B-8.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund statements in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year include the following:

- The local tax levy increased from 2008-2009 by \$117,685 to \$3,291,058 due primarily to the overall increase in the District's general fund budget and relatively flat state aid.
- Total spending for all programs was \$3,950,016. General revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs.

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets:

	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 1,054,637	1,021,292
Capital Assets, Net	5,125,660	5,463,147
Total	<u>6,180,297</u>	<u>6,484,439</u>
Other Liabilities	255,568	198,895
Long-Term Liabilities	<u>1,192,906</u>	<u>1,281,320</u>
Total	<u>1,448,474</u>	<u>1,480,215</u>
Invest in Capital Assets, Net	4,007,291	4,257,954
Restricted	707,348	741,317
Unrestricted	<u>17,184</u>	<u>4,953</u>
Total Net Assets	<u>\$ 4,731,823</u>	<u>5,004,224</u>

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

The unrestricted net assets show a negative balance. The negative balance is attributable to the liability for compensated absences. This is a direct liability with no corresponding asset, therefore creating a negative net asset.

The following table provides a summary of revenues and expenses for the District's governmental fund and business-type activities and the change in net assets from the prior year:

	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 24,153	25,496
Operating Grants and Contributions	148,584	75,426
General Revenues		
Property Taxes	3,158,403	3,036,926
Taxes Levied for Debt Service	132,655	136,447
Federal and State Aid	462,000	479,899
Tuition Charges	100,440	76,824
Miscellaneous & Investment Income	<u>(2,321)</u>	<u>29,230</u>
Total Revenues	<u>4,023,914</u>	<u>3,860,248</u>

	<u>2010</u>	<u>2009</u>
Expenses:		
Instructional Services	1,304,589	1,259,016
Support Services/Undistributed Costs	2,879,747	2,792,670
Food Service	<u>76,388</u>	<u>77,010</u>
Total Expenses	<u>4,260,724</u>	<u>4,128,696</u>
Change in Net Assets	<u>\$ (236,810)</u>	<u>(268,448)</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2009 encumbrances, which “roll-over” into the subsequent year’s budget (2009-2010) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2009-2010 budget.

Economic Factors and Next Year’s Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year decreased for the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Lavallette Borough.

Contacting the District’s Financial Management

The District’s financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	40,327	40,327
Receivables, Net	736,639	10,452	747,091
Inventory		3,664	3,664
Restricted Assets:			
Cash and Cash Equivalents	132,146		132,146
Capital Reserve Account - Cash	131,409		131,409
Capital Assets, Net	5,125,660		5,125,660
Total Assets	<u>6,125,854</u>	<u>54,443</u>	<u>6,180,297</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Interest	32,122	88,222	120,344
Deferred Revenue	30,581		30,581
Noncurrent Liabilities:			
Due Within One Year	104,643		104,643
Due Beyond One Year	1,192,906		1,192,906
Total Liabilities	<u>1,360,252</u>	<u>88,222</u>	<u>1,448,474</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	4,007,291		4,007,291
Restricted For:			
Capital Projects	367,201		367,201
Other Purposes	340,147		340,147
Unrestricted	50,963	(33,779)	17,184
Total Net Assets	<u>\$ 4,765,602</u>	<u>(33,779)</u>	<u>4,731,823</u>

The accompanying notes to financial statements are an integral part of this statement.

LAVALLETTE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses					
Governmental Activities:					
Instruction:					
Regular	\$ 1,039,630		(1,039,630)		(1,039,630)
Special Education	214,776	79,847	(134,929)		(134,929)
Other Instruction	50,183		(50,183)		(50,183)
Support Services:					
Tuition	978,737		(978,737)		(978,737)
Student & Instruction Related Services	311,156	55,227	(255,929)		(255,929)
School Administrative Services	219,896		(219,896)		(219,896)
Plant Operations and Maintenance	204,412		(204,412)		(204,412)
Pupil Transportation	152,439		(152,439)		(152,439)
Business and Other Support Services	611,509		(611,509)		(611,509)
Interest on Long-Term Debt	48,882		(48,882)		(48,882)
Depreciation	352,716		(352,716)		(352,716)
Total Government Activities	4,184,336	135,074	(4,049,262)	-	(4,049,262)
Business-Type Activities:					
Food Service	76,388	13,510	-	(38,725)	(38,725)
Total Business-Type Activities	76,388	13,510	-	(38,725)	(38,725)
Total Primary Government	4,260,724	148,584	(4,049,262)	(38,725)	(4,087,987)

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			3,158,403		3,158,403
Taxes Levied for Debt Service			132,655		132,655
Federal and State Aid Not Restricted			462,000		462,000
Tuition Received			100,440		100,440
Investment Earnings			388	104	492
Miscellaneous			10,261		10,261
Other			(13,074)		(13,074)
Transfers			(31,187)	31,187	-
Total General Revenues, Special Items, Extraordinary Items and Transfers			3,819,886	31,291	3,851,177
Change in Net Assets			(229,376)	(7,434)	(236,810)
Adjustment for Net Assets			(13,176)		(13,176)
Net Assets - Beginning			5,008,154	(26,345)	4,981,809
Net Assets - Ending	\$ -		4,765,602	(33,779)	4,731,823

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 263,555			263,555
Receivables Net	126,658	44	609,937	736,639
Interfund Receivable	<u>236,275</u>			<u>236,275</u>
Total Assets	<u>\$ 626,488</u>	<u>44</u>	<u>609,937</u>	<u>1,236,469</u>
Liabilities and Fund Balance				
Liabilities:				
Interfund Payable	\$ -	44	236,231	236,275
Deferred Revenue	30,581			30,581
Accounts Payable	5,919		6,505	12,424
Total Liabilities	<u>36,500</u>	<u>44</u>	<u>242,736</u>	<u>279,280</u>
Fund Balance:				
Reserved for:				
Encumbrances	154,271			154,271
Emergency Reserve	3,750			3,750
Reserve for Maintenance	35,848			35,848
Excess Surplus	1,741			1,741
Reserve for Capital Reserve	131,409			131,409
Designated for Subsequent Years Expenditures			367,201	367,201
Unreserved:				
Undesignated Fund Balance	<u>262,969</u>			<u>262,969</u>
Total Fund Balances	<u>589,988</u>	<u>-</u>	<u>367,201</u>	<u>957,189</u>
Total Liabilities and Fund Balance	<u>\$ 626,488</u>	<u>44</u>	<u>609,937</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,050,530 and the accumulated depreciation is \$1,924,870

5,125,660

Accrued Interest

(19,698)

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 3)

(1,297,549)

Net assets of governmental activities

\$ 4,765,602

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

<u>Revenues</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Local Sources:					
Local Tax Levy	\$ 3,158,403			132,655	3,291,058
Tuition Charges	100,440				100,440
Interest Earned on Capital Reserve Funds	388				388
Miscellaneous	10,261	2,176			12,437
Total Local Sources	3,269,492	2,176	-	132,655	3,404,323
State Sources	443,890			18,110	462,000
Federal Sources		132,898			132,898
Total Revenues	3,713,382	135,074	-	150,765	3,999,221
<u>Expenditures</u>					
Current:					
Regular Instruction	1,040,914				1,040,914
Special Education Instruction	144,448	70,328			214,776
Other Instruction	50,183				50,183
Support Services and Undistributed Costs:					
Tuition	978,737				978,737
Student and Instruction Related Services	255,929	55,227			311,156
Support Services School Administration	219,896				219,896
Plant Operations and Maintenance	204,412				204,412
Pupil Transportation	152,439				152,439
Unallocated Benefits	611,509				611,509
Capital Outlay	5,710	9,519			15,229
Debt Service:					
Principal				100,000	100,000
Interest and Other Charges				50,765	50,765
Total Expenditures	3,664,177	135,074	-	150,765	3,950,016

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	49,205	-	-	-	49,205
Other Financing Sources (Uses):					
Adjustment of Fund Balance	(13,074)				(13,074)
Transfers To Food Service Fund	(31,187)				(31,187)
Total Other Financing Sources (Uses)	(44,261)	-	-	-	(44,261)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	4,944	-	-	-	4,944
Net Change in Fund Balances	4,944	-	-	-	4,944
Fund Balance - July 1	585,044		367,201		952,245
Fund Balance - June 30	\$ 589,988	-	367,201	-	957,189

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

LAVALLETTE SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	4,944
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.		
Capital Outlays	15,229	
Depreciation	<u>(352,716)</u>	(337,487)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		100,000
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		1,284
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.		<u>1,883</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(229,376)</u></u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2010

	Business Type Activities Enterprise Fund
	<u> </u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 40,327
Accounts Receivable	10,452
Inventories	3,664
Total Current Assets	<u>54,443</u>
Noncurrent Assets:	
Furniture Machinery and Equipment	18,961
Less: Accumulated Depreciation	<u>(18,961)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>\$ 54,443</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 88,222</u>
Total Liabilities	<u>\$ 88,222</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ (33,779)</u>
Total Net Assets	<u>\$ (33,779)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Business Type Activities Enterprise Funds</u>
Operating Revenues:	
Changes for Services:	
Daily Sales	\$ 24,153
Total Operating Revenue	<u>24,153</u>
Operating Expenses:	
Cost of Sales	26,316
Supplies	300
Miscellaneous	187
Salaries & Benefits	49,585
Total Operating Expenses	<u>76,388</u>
Operating Income (Loss)	(52,235)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	881
Federal Sources:	
National School Lunch Program	12,629
Interest Revenue	104
Board Subsidy	31,187
Total Non-Operating Revenues (Expenses)	<u>44,801</u>
Change in Net Assets	(7,434)
Total Net Assets Beginning	<u>(26,345)</u>
Total Net Assets Ending	<u>\$ (33,779)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2010

	Business Type Activities Enterprise Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 24,153
Payments to Suppliers & Employees	(41,043)
Net Cash Used by Operating Activities	<u>(16,890)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	881
Federal Sources	12,629
Board Subsidy	31,187
Net Cash Provided by Noncapital Financing Activities	<u>44,697</u>
Cash Flows from Investing Activities	<u>104</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	27,911
Balances Beginning of Year	<u>12,416</u>
Balances End of Year	<u>\$ 40,327</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (52,235)
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(6,920)
Increase/(Decrease) in Accounts Payables	40,503
(Increase)/Decrease in Inventories	1,762
Net Cash Used by Operating Activities	<u>\$ (16,890)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 24,651	33
Total Assets	<u>\$ 24,651</u>	<u>33</u>
Liabilities:		
Payroll Deductions and Withholdings	\$ -	33
Total Liabilities	<u>-</u>	<u>33</u>
Net Assets:		
Reserved - Unemployment Benefits	<u>24,651</u>	
Total Net Assets	<u>\$ 24,651</u>	

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions	\$ 2,734
Total Contributions	<u>2,734</u>
Investment Earnings:	
Interest	<u>62</u>
Net Investment Earnings	<u>62</u>
Total Additions	<u>2,796</u>
<u>Deductions</u>	
Unemployment Claims	<u>89</u>
Total Deductions	<u>89</u>
Change in Net Assets	2,707
Net Assets - Beginning of Year	<u>21,944</u>
Net Assets - End of the Year	<u><u>\$ 24,651</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAVALLETTE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Lavallette 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.

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Lavallette. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") 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 Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. 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 or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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).

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

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

Agency Funds (Payroll and Student Activities Fund): 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.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 included transfers from the maintenance, emergency and capital reserves to offset the loss in state aid in 2009-2010.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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

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

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 3,714,732	135,074
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 recognized for GAAP statements in the current year previously recognized for budgetary purposes	25,977	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(27,327)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 3,713,382</u>	<u>135,074</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$ 3,664,177	135,074
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the supplies are received for financial reporting purposes.	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 3,664,177</u>	<u>135,074</u>

F. Encumbrances:

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

Open encumbrances in the special revenue fund for which the 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.

G. Short-Term Interfund Receivables/Payables:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Adj.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:					
Land	\$				
Construction in Progress	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____
Depreciable Assets:					
Buildings & Sites	5,789,634				5,789,634
Equipment	<u>1,245,667</u>	<u>15,229</u>	_____	_____	<u>1,260,896</u>
Total	<u>7,035,301</u>	<u>15,229</u>	_____	_____	<u>7,050,530</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Adj.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Less: Accumulated Depreciation:					
Buildings & Sites	(1,060,530)	(220,147)			(1,280,677)
Equipment	<u>(511,624)</u>	<u>(132,569)</u>			<u>(644,193)</u>
Total Accumulated Depreciation	<u>(1,572,154)</u>	<u>(352,716)</u>			<u>(1,924,870)</u>
Net Depreciable Assets	<u>5,463,147</u>	<u>(337,487)</u>			<u>5,125,660</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 5,463,147</u>	<u>(337,487)</u>			<u>5,125,660</u>
Food Service:					
Equipment	\$ 18,961				18,961
Accumulated Depreciation	<u>(18,961)</u>				<u>(18,961)</u>
Net Depreciable Assets	<u>\$ _____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 352,716</u>
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J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

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

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

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

Investments are stated at cost, which approximates market. The District 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.

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 District 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 any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments (Continued)**

	<u>Cash and Cash Equivalents</u>
Checking, Money Market Accounts	\$ <u>347,627</u>

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2010 was \$347,627 and the bank balance was \$460,627. Of the bank balance, \$200,000 was covered by federal depository insurance and \$260,627 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

FDIC	\$ 200,000
GUPDA	260,627

As of June 30, 2010, the District did not hold any long-term investments.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>	<u>Long-Term Portion</u>	<u>2010-11 Payment</u>
Compensated Absences Payable	\$ 180,464		1,284	179,180	179,180	
Capital Leases	5,193	20,487	7,311	18,369	13,726	4,643
Bonds Payable	<u>1,200,000</u>		<u>100,000</u>	<u>1,100,000</u>	<u>1,000,000</u>	<u>100,000</u>
	<u>\$ 1,385,657</u>	<u>20,487</u>	<u>108,595</u>	<u>1,297,549</u>	<u>1,192,906</u>	<u>104,643</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.45% to 4.50% for the 2004 issue and the interest rates vary from 4.00% to 4.20% for the 2005 issue.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011	\$ 100,000	46,245	146,245
2012	100,000	41,725	141,725
2013	100,000	37,205	137,205
2014	100,000	32,685	132,685
2015	100,000	28,165	128,165
2016-2020	300,000	98,774	398,774
2021-2025	<u>300,000</u>	<u>37,260</u>	<u>337,260</u>
	<u>\$ 1,100,000</u>	<u>322,059</u>	<u>1,422,059</u>

B. Bonds Authorized But Not Issued

As of June 30, 2010, the Board had no authorized but not issued bonds.

C. Capital Leases Payable:

On August 2, 2009 the district entered into a lease for copiers for \$20,487 for five years from 8/02/09 maturing 8/13/14 with a balance of \$17,513 at June 30, 2010.

On October 18, 2005 the district entered into a lease for a copier for \$10,531 for five years from November 30, 2005 maturing October 30, 2010 with a balance of \$856 at June 30, 2010.

Lease Payments**Year Ended June 30 – Future Minimum**

2011	\$ 5,672
2012	4,800
2013	4,800
2014	4,800
2015	<u>800</u>
	20,872
Less: Interest	<u>2,503</u>
Lease Payments	<u>\$ 18,369</u>

NOTE 4: Pension Plans

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

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

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:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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

NOTE 4: Pension Plans (Continued)

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 contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. 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.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2010, the State of New Jersey contributed \$88,231 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$101,241 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. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2010	\$ 4,693	100%	\$ 0
6/30/09	4,134	100%	0
6/30/08	6,664	100%	0

NOTE 4: Pension Plans (Continued)

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/10	\$ 88,231	100%	0
6/30/09	82,440	100%	0
6/30/08	183,491	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

NOTE 6: Interfund Receivables and Payables

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 236,275	
Special Revenue Fund		44
Capital Project Fund		<u>236,231</u>
	<u>\$ 236,275</u>	<u>236,275</u>

NOTE 7: Compensated Absences

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

NOTE 7: Compensated Absences (Continued)

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010 no liability existed for compensated absences in the Food Service Fund.

NOTE 8: Capital Reserve Account

A capital Reserve account was established by the Borough of Lavallette Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 174,695
Budgeted Increase	(43,674)
Withdrawal	<u>388</u>
Interest Earnings	
Ending Balance, June 30, 2010	<u>\$ 131,409</u>

NOTE 9: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

Negligence and other types of liability suits, of which the Board is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 10: Deferred Compensation

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

Vanguard Group
Equitable Insurance
Valic

NOTE 11: Equity Balance

At June 30, 2010, the General Fund equity balance is as follows:

Excess Surplus	\$ 1,741
Emergency Reserve	3,750
Maintenance Reserve	35,848
Capital Reserve	131,409
Reserved for Encumbrances	154,271
Unrestricted	<u>290,296</u>
	<u>\$ 617,315</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2010-2011 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding, budget. Designated for subsequent year's represents the amount appropriated in the 2010-2011 budget.

NOTE 11: Equity Balance (Continued)**2% Calculation of Excess Surplus**

2009-10 Total General Fund Expenditures Per the CAFR	\$ 3,466,087
Increased By:	
Transfer To Food Service	31,187
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(189,472)</u>
Adjusted 2009-10 General Fund Expenditures	<u>\$ 3,307,802</u>
2% of Adjusted 2009-10 General Fund Expenditures	\$ 66,156
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>40,296</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 290,296</u>

Section 2

Total General Fund – Fund Balance @ 6-30-10	\$ 617,315
Decreased by:	
Reserved for Encumbrances	(154,271)
Other Reserves	<u>(171,007)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 292,037</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 1,741</u>

Section 3

Reserved Fund Balance – Excess Surplus	<u>\$ 1,741</u>
--	-----------------

Detail of Allowable Adjustments

Extraordinary Aid	\$ 39,168
Non-Public Transportation	<u>1,128</u>
	<u>\$ 40,296</u>

Detail of Other Reserved Fund Balance

Maintenance Reserve	\$ 35,848
Emergency Reserve	3,750
Capital Reserve	<u>131,409</u>
	\$ 171,007

NOTE 12: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2009-2010	\$ 62	2,734	89	24,651
2008-2009	122	2,732	445	21,944
2007-2008	481	2,592	775	19,535

NOTE 13: Current Expense Emergency Reserve Account

The reserve account is to be used to finance future unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District’s general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

NOTE 14: RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District’s financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through November 10, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 1 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,158,403		3,158,403	3,158,403	-
Tuition	75,000		75,000	100,440	25,440
Interest Earned Capital Reserve Fund	1,000		1,000	388	(612)
Interest Earned Maintenance Reserve Fund	500		500	82	(418)
Unrestricted Miscellaneous Revenue	2,158		2,158	10,179	8,021
Total Local Sources	<u>3,237,061</u>	<u>-</u>	<u>3,237,061</u>	<u>3,269,492</u>	<u>32,431</u>
State Sources:					
Transportation Aid	60,539		60,539	39,350	(21,189)
Special Education Aid	102,595		102,595	102,595	-
Adjustment Aid	93,216		93,216	60,590	(32,626)
Security Aid	16,929		16,929	12,937	(3,992)
Extraordinary Aid			-	39,168	39,168
TPAF Pension (On Behalf-Non-Budgeted)			-	88,231	88,231
TPAF Social Security (Reimbursed - Non-Budgeted)			-	101,241	101,241
Non-Public Transportation Aid			-	1,128	1,128
Total State Sources	<u>273,279</u>	<u>-</u>	<u>273,279</u>	<u>445,240</u>	<u>171,961</u>
Total Revenues	<u>3,510,340</u>	<u>-</u>	<u>3,510,340</u>	<u>3,714,732</u>	<u>204,392</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 10

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>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	114,300	4,735	119,035	119,018	17
Grades 1-5 - Salaries of Teachers	483,400	4,047	487,447	487,214	233
Grades 6-8 - Salaries of Teachers	339,650	(1,684)	337,966	337,916	50
Regular Programs - Home Instruction:					
Salaries of Teachers	200	(200)	-	-	-
Purchased Professional - Educational Services	150	(150)	-	-	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	48,400	10,222	58,622	58,622	-
Purchased Professional - Educational Services	2,500	(800)	1,700	1,700	-
Other Purchased Services		250	250	250	-
General Supplies	19,000	9,442	28,442	28,442	-
Textbooks	2,000	3,103	5,103	5,103	-
Other Objects	8,500	(5,826)	2,674	2,649	25
Total Regular Programs - Instruction	<u>1,018,100</u>	<u>23,139</u>	<u>1,041,239</u>	<u>1,040,914</u>	<u>325</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	154,620	(10,446)	144,174	144,174	-
General Supplies	150	124	274	274	-
Textbooks	50	(50)	-	-	-
Total Resource Room/Resource Center	<u>154,820</u>	<u>(10,372)</u>	<u>144,448</u>	<u>144,448</u>	<u>-</u>
Total Special Education - Instruction	<u>154,820</u>	<u>(10,372)</u>	<u>144,448</u>	<u>144,448</u>	<u>-</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 3 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	15,550	(5,499)	10,051	10,051	-
General Supplies	150	(150)	-	-	-
Total Basic Skills/Remedial - Instruction	<u>15,700</u>	<u>(5,649)</u>	<u>10,051</u>	<u>10,051</u>	<u>-</u>
School Sponsored Athletics - Instruction					
Salaries	38,000	6,595	44,595	31,811	12,784
Purchased Services (300-500 Series)	2,250	60	2,310	2,310	-
Supplies and Materials	1,000	36	1,036	1,036	-
Other Objects	450	785	1,235	1,235	-
Total School Sponsored Athletics - Instruction	<u>41,700</u>	<u>7,476</u>	<u>49,176</u>	<u>36,392</u>	<u>12,784</u>
Community Services Program/Operations - Instruction:					
Salaries	4,300	(979)	3,321	3,321	-
Purchased Professional and Technical Services		330	330	330	-
General Supplies	20	69	89	89	-
Total Community Services	<u>4,320</u>	<u>(580)</u>	<u>3,740</u>	<u>3,740</u>	<u>-</u>
Total Instruction	<u>1,234,640</u>	<u>14,014</u>	<u>1,248,654</u>	<u>1,235,545</u>	<u>13,109</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 4 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs Within the State - Regular	813,129	33,337	846,466	796,466	50,000
Tuition to Other LEAs Within the State - Special	57,562	76,083	133,645	90,412	43,233
Tuition to County Vocational - Special	500		500		500
Tuition to Private Schools for the Disabled - Within State	142,969	(51,110)	91,859	91,859	-
Total Undistributed Expenditures-Instruction	<u>1,014,160</u>	<u>58,310</u>	<u>1,072,470</u>	<u>978,737</u>	<u>93,733</u>
Attendance and Social Work - Undistributed Services:					
Salaries	5,190	(7)	5,183	5,183	-
Health Services - Undistributed Expenditures:					
Salaries	54,220	1,277	55,497	55,497	-
Purchased Professional and Technical Services	1,800	(300)	1,500	1,500	-
Other Purchased Services (400-500 Series)	450	(450)	-		-
Supplies and Materials	750	(315)	435	423	12
Total Health Services	<u>57,220</u>	<u>212</u>	<u>57,432</u>	<u>57,420</u>	<u>12</u>
Other Support Services - Students - Related Services:					
Salaries	40,850	(1,817)	39,033	39,033	-
Purchased Professional-Educational Services	2,250	2,325	4,575	4,425	150
Supplies and Materials	50	(50)	-		-
Total Other Support Services - Students - Related Services	<u>43,150</u>	<u>458</u>	<u>43,608</u>	<u>43,458</u>	<u>150</u>
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	33,520	5	33,525	33,525	-
Other Purchased Professional and Technical Services	1,650	776	2,426	1,407	1,019
Supplies and Materials	100	(50)	50	50	-
Total Other Support Services - Students - Regular	<u>35,270</u>	<u>731</u>	<u>36,001</u>	<u>34,982</u>	<u>1,019</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 5 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Special:					
Salaries of Secretarial and Clerical Assistants	12,570	37	12,607	12,607	-
Purchased Professional Educational Services	26,500		26,500	26,500	-
Other Purchased Services	1,500	(1,150)	350	350	-
Supplies and Materials	100	52	152	152	-
Total Other Support Services - Students - Special	<u>40,670</u>	<u>(1,061)</u>	<u>39,609</u>	<u>39,609</u>	<u>-</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	13,170	(13,170)	-	-	-
Salaries of Secretarial and Clerical Assistance	1,253	11,958	13,211	13,211	-
Other Objects	57	(57)	-	-	-
Total Improvement of Instructional Services	<u>14,480</u>	<u>(1,269)</u>	<u>13,211</u>	<u>13,211</u>	<u>-</u>
Educational Media Services/School Library:					
Salaries	39,252	433	39,685	36,692	2,993
Purchased Professional and Technical Services	3,800	(1,572)	2,228	2,228	-
Other Purchased Services (400-500 Series)	9,000	(1,699)	7,301	6,922	379
Supplies and Materials	1,298	1,116	2,414	2,414	-
Total Educational Media Services/School Library	<u>53,350</u>	<u>(1,722)</u>	<u>51,628</u>	<u>48,256</u>	<u>3,372</u>
Instructional Staff Training Services:					
Salaries of Secretarial and Clerical	11,773		11,773	11,773	-
Purchased Professional Educational Services	487	(163)	324	324	-
Other Purchased Services (400-500 Series)	1,015	411	1,426	1,409	17
Supplies and Materials	200		200	200	-
Other Objects	8,400	(8,296)	104	104	-
Total Instructional Staff Training Services	<u>21,875</u>	<u>(8,048)</u>	<u>13,827</u>	<u>13,810</u>	<u>17</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 6 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	46,813	(624)	46,189	46,189	-
Legal Services	4,997	21,396	26,393	18,091	8,302
Audit Fees	5,300		5,300	5,300	-
Other Purchased Professional Services	3,000	2,118	5,118	2,685	2,433
Communications/Telephone	2,000	288	2,288	1,226	1,062
Other Purchased Services (400-500 Series)	450	123	573	573	-
Supplies and Materials	30	255	285	265	20
Miscellaneous Expenditures	50	1,774	1,824	1,824	-
Membership Dues and Fees	3,500	(690)	2,810	2,810	-
Total Support Services - General Administration	66,140	24,640	90,780	78,963	11,817
Support Services - School Administration:					
Salaries of Principal/Assistant Principals	43,875	(524)	43,351	43,351	-
Salaries of Secretarial and Clerical Assistants	1,700	(252)	1,448	1,404	44
Other Purchased Professional Services	30	800	800	800	-
Supplies and Materials		273	303	303	-
Other Objects	1,485	(15)	1,470	1,470	-
Total Support Services - School Administration	47,090	282	47,372	47,328	44
Central Services:					
Salaries	85,600	(41)	85,559	85,559	-
Other Purchased Services		500	500	500	-
Other Objects		1,770	1,770	1,770	-
Total Central Services	85,600	2,229	87,829	87,829	-

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 7 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administration Information Technical:					
Purchased Technical Services	5,500	276	5,776	5,776	-
Increase in Maintenance Reserve	500	-	500	-	500
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	8,000	12,625	20,625	20,625	-
Other Benefits		403	403	401	2
General Supplies	5,000	7,306	12,306	12,240	66
Total Required Maintenance for School Facilities	13,000	20,334	33,334	33,266	68
Other Operations & Maintenance of Plant:					
Salaries	90,639	(363)	90,276	89,112	1,164
Purchased Professional Technical Services	6,000	5,128	11,128	9,727	1,401
Cleaning, Repair and Maintenance Services	10,895	(430)	10,465	10,465	-
Other Purchased Property Services	3,000	729	3,729	2,869	860
Insurance	28,500	(1,117)	27,383	27,383	-
Miscellaneous Purchased Services	100	35	135	135	-
General Supplies	3,701	(1,489)	2,212	1,511	701
Energy (Heat & Electric)	24,000	(1,254)	22,746	21,326	1,420
Total Other Operations & Maintenance of Plant	166,835	1,239	168,074	162,528	5,546
Care and Upkeep of Grounds					
Salaries	5,157	552	5,709	5,592	117
Purchased Professional and Technical Services	5,000	(1,720)	3,280	2,980	300
General Supplies	343	(228)	115	46	69
Total Upkeep and Care of Grounds	10,500	(1,396)	9,104	8,618	486

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 10

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>Actual</u>	<u>Variance Final to Actual</u>
Security					
Purchased Professional and Technical Services	1,605	(1,605)			
Total Undistributed Expenditures Operation and Maintenance	191,940	18,572	210,512	204,412	6,100
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Regular	2,000		2,000	2,000	-
Salaries for Pupil Transportation (Between Home and School) Special Education	2,000	195	2,195	2,195	-
Salaries for Pupil Transportation (Other Than Between Home and School)	2,000		2,000	2,000	-
Salaries for Pupil Transportation (Non-Public) Between Home and School	1,787		1,787	1,787	-
Contr. Serv. (Between Home & School)-Vendors	65,500	(2,400)	63,100	63,100	-
Contr. Serv. (Other Than Between Home & School)-Vendors	15,750	110	15,860	15,530	330
Contr. Serv. (Between Home & School) - Jointures	12,187	1,159	13,346	13,346	-
Contr. Serv. (Between Home & School) - Jointures(Sp Ed)		300	300	300	-
Contr. Serv. (Special Education) - Vendors	6,500	25,829	32,329	31,258	1,071
General Supplies	90	(15)	75	75	-
Contr. Serv. (Special Education) - ESC's and CTSA's	25,000	(8,130)	16,870	16,870	-
Aid in Lieu of Transportation - Non-Public School	3,536	442	3,978	3,978	-
Total Student Transportation Services	136,350	17,490	153,840	152,439	1,401

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 10

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>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits:					
Social Security Contributions	22,600	7,416	30,016	27,193	2,823
Other Retirement Contributions - Regular	17,500	2,903	20,403	19,220	1,183
Workmen's Compensation	26,500	(5,632)	20,868	20,868	-
Health Benefits	354,360	(7,877)	346,483	343,729	2,754
Tuition Reimbursement	1,750	6,315	8,065	6,334	1,731
Other Employee Benefits	4,300	393	4,693	4,693	-
Total Unallocated Benefits	<u>427,010</u>	<u>3,518</u>	<u>430,528</u>	<u>422,037</u>	<u>8,491</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				88,231	(88,231)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				101,241	(101,241)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,472</u>	<u>(189,472)</u>
Total Undistributed Expenditures	<u>2,245,495</u>	<u>114,611</u>	<u>2,360,106</u>	<u>2,422,922</u>	<u>(62,816)</u>
Total Current Expense	<u>3,480,135</u>	<u>128,625</u>	<u>3,608,760</u>	<u>3,658,467</u>	<u>(49,707)</u>
Capital Outlay:					
Interest to Capital Reserve	1,000		1,000		1,000
Instructional Equipment		5,710	5,710	5,710	-
Total Capital Outlay	<u>1,000</u>	<u>5,710</u>	<u>6,710</u>	<u>5,710</u>	<u>1,000</u>
Total Expenditures	<u>3,481,135</u>	<u>134,335</u>	<u>3,615,470</u>	<u>3,664,177</u>	<u>(48,707)</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 10 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	29,205	(134,335)	(105,130)	50,555	155,685
Other Financing Sources/(Uses):					
Adjustment of Fund Balance	(30,000)	(17,558)	(47,558)	(13,074)	(13,074)
Transfer to Food Service Fund	(30,000)	(17,558)	(47,558)	(31,187)	16,371
Total Other Financing Sources	(60,000)	(35,116)	(95,116)	(44,261)	3,297
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses) Fund Balance July 1	(30,795)	(151,893)	(182,688)	6,294	158,982
	611,021	611,021	611,021	611,021	611,021
Fund Balance June 30	\$ 610,226	(151,893)	458,333	617,315	158,982
Recapitulation:					
Reserve for Encumbrances				\$ 154,271	
Emergency Reserve				3,750	
Maintenance Reserve				35,848	
Capital Reserve				131,409	
Unrestricted Fund Balance				290,296	
Unrestricted Fund Balance - Designated for Subsequent Year's Expenditures				1,741	
			617,315		
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				(27,327)	
Fund Balance per Governmental Funds (GAAP)				\$ 589,988	

LAVALLETTE SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	2,176	2,176	2,176	
Federal Sources	71,600	61,298	132,898	132,898	
Total Revenues	<u>\$ 71,600</u>	<u>63,474</u>	<u>135,074</u>	<u>135,074</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 10,000	5,500	15,500	15,500	
Purchased Professional Technical Services	25,000	19,233	44,233	44,233	
Other Purchased Services			-		
General Supplies	5,000	5,595	10,595	10,595	
Total Instruction	<u>40,000</u>	<u>30,328</u>	<u>70,328</u>	<u>70,328</u>	<u>-</u>
Support Services:					
Purchased Professional Educational Services	2,000	3,000	5,000	5,000	
Other Purchased services	27,600	14,720	42,320	42,320	
General Supplies		2,607	2,607	2,607	
Employee Benefits	2,000	3,300	5,300	5,300	
Total Support Services	<u>31,600</u>	<u>23,627</u>	<u>55,227</u>	<u>55,227</u>	<u>-</u>
Instructional Equipment		9,519	9,519	9,519	
Total Expenditures	<u>\$ 71,600</u>	<u>\$ 63,474</u>	<u>\$ 135,074</u>	<u>\$ 135,074</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAVALLETTE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Revenues" from the Budgetary Comparison Schedule	\$ 3,714,732	135,074
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 recognized for GAAP statements in the current year previously recognized for budgetary purposes.	25,977	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	(27,327)	
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 3,713,382	135,074
<u>Uses/Outflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,664,177	135,074
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the supplies are received for financial reporting purposes.		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 3,664,177	135,074

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

LAVALLETTE SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR FISCAL YEAR ENDED JUNE 30, 2010

Exxon	Ocean First	Safety Grant	ARRA Title I	ARRA		NCLB		Title IID	Total
				IDEA Basic	IDEA Basic	Title I	Title IIA		
\$ 750	94	1,332	7,757	40,371	47,093	24,220	13,211	246	2,176
\$ 750	94	1,332	7,757	40,371	47,093	24,220	13,211	246	132,898
\$			3,500	30,852	12,893	12,000		100	15,500
750	94	1,332	3,169			5,250			44,233
750	94	1,332	7,057	30,852	12,893	17,250	-	100	10,595
									70,328
			700			3,600	1,000		5,300
							5,000		5,000
						3,370	4,750		42,320
						-	2,461	146	2,607
			700			6,970	13,211	146	55,227
					9,519				
									9,519
\$ 750	94	1,332	7,757	40,371	47,093	24,220	13,211	246	135,074

Revenues:

Local Sources
Federal Sources

Total Revenues

Expenditures:

Instruction:

Salaries of Teachers
Other Purchased Services
General Supplies
Total Instruction

Support Services:

Employee Benefits
Purchased Professional Educational Services
Other Purchased Services
General Supplies
Total Support Services

Instructional Equipment

Total Expenditures

CAPITAL PROJECTS FUND – F

LAVALLETTE SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2010

Fund Balance - Beginning	\$ 367,201
Fund Balance - Ending	\$ 367,201

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

WINDOW AND DOOR REPLACEMENT TO ELEMENTARY SCHOOL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 69,889		69,889	84,976
Transfer from Capital Reserve	127,464		127,464	127,464
Total Revenues	<u>197,353</u>	<u>-</u>	<u>197,353</u>	<u>212,440</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	207,592		207,592	212,440
Total Expenditures	<u>207,592</u>	<u>-</u>	<u>207,592</u>	<u>212,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (10,239)</u>	<u>-</u>	<u>(10,239)</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		2550-050-04-2000		
Grant Date		4/20/04		
Original Authorized Cost		212,440		
Additional Authorized Cost		-		
Revised Authorized Cost		212,440		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		92%		
Original Target Completion Date		Jan. 05		
Revised Target Completion Date		June 11		

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ADDITION TO ELEMENTARY SCHOOL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 544,006		544,006	544,006
Bond Proceeds and Transfers	1,187,000		1,187,000	1,187,000
Transfer from Capital Reserve	324		324	324
Total Revenues	<u>1,731,330</u>	<u>-</u>	<u>1,731,330</u>	<u>1,731,330</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	1,353,890		1,353,890	1,731,330
Total Expenditures	<u>1,353,890</u>	<u>-</u>	<u>1,353,890</u>	<u>1,731,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 377,440</u>	<u>-</u>	<u>377,440</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		2550-050-05-1000		
Grant Date		4/18/05		
Bond Authorization Date		3/8/05		
Bonds Authorized		\$1,187,000		
Bonds Issued		1,187,000		
Original Authorized Cost		1,978,873		
Additional Authorized Cost		-		
Revised Authorized Cost		1,731,330		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		77%		
Original Target Completion Date		Nov. 05		
Revised Target Completion Date		Nov. 10		

PROPRIETARY FUNDS – G

STATEMENT OF NET ASSETS

Exhibit G-1

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Food Service</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 40,327
Accounts Receivable	10,452
Inventories	3,664
Total Current Assets	<u>54,443</u>
Noncurrent Assets:	
Furniture Machinery and Equipment	18,961
Less: Accumulated Depreciation	<u>(18,961)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>\$ 54,443</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 88,222</u>
Total Liabilities	<u>\$ 88,222</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ (33,779)</u>
Total Net Assets	<u>\$ (33,779)</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit G-2

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Food Service</u>
Operating Revenues:	
Changes for Services:	
Daily Sales	\$ 24,153
Total Operating Revenue	<u>24,153</u>
Operating Expenses:	
Cost of Sales	26,316
Supplies	300
Miscellaneous	187
Salaries & Benefits	49,585
Total Operating Expenses	<u>76,388</u>
Operating Income (Loss)	(52,235)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	881
Federal Sources:	
National School Lunch Program	12,629
Interest Revenue	104
Board Subsidy	31,187
Total Non-Operating Revenues (Expenses)	<u>44,801</u>
Change in Net Assets	(7,434)
Total Net Assets Beginning	<u>(26,345)</u>
Total Net Assets Ending	<u>\$ (33,779)</u>

STATEMENT OF CASH FLOWS

Exhibit G-3

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 24,153
Payments to Suppliers & Employees	(41,043)
Net Cash Used by Operating Activities	<u>(16,890)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	881
Federal Sources	12,629
Board Subsidy	31,187
Net Cash Provided by Noncapital Financing Activities	<u>44,697</u>
Cash Flows from Investing Activities	<u>104</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	27,911
Balances Beginning of Year	<u>12,416</u>
Balances End of Year	<u>\$ 40,327</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (52,235)
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(6,920)
Increase/(Decrease) in Accounts Payables	40,503
(Increase)/Decrease in Inventories	1,762
Net Cash Used by Operating Activities	<u>\$ (16,890)</u>

FIDUCIARY FUND – H

LAVALLETTE SCHOOL DISTRICT

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2010

Assets:					
Cash and Cash Equivalents	\$	3	19,058	33	43,745
Total Assets		<u>3</u>	<u>19,058</u>	<u>33</u>	<u>43,745</u>
Liabilities and Fund Balances:					
Liabilities:					
Net Payroll Reserve	\$	3			3
Payroll Deductions and Withholdings Due to Student Groups			19,058	33	33
Total Liabilities	\$	<u>3</u>	<u>19,058</u>	<u>33</u>	<u>19,058</u>
Net Assets:					
Reserved - Unemployment Benefits				24,651	24,651
Total Net Assets				<u>24,651</u>	<u>24,651</u>

LAVALLETTE SCHOOL DISTRICT

EXPENDABLE TRUST FUND

Exhibit H-2

COMBINING STATEMENT OF CHANGES

IN FIDUCIARY NET ASSETS

JUNE 30, 2010

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$ 62
Employee Contributions	2,734
Total Additions	<u> 2,796</u>
Deletions:	
Claims Paid	<u> 89</u>
Change in Net Assets	2,707
Net Assets - Beginning of Year	<u> 21,944</u>
Net Assets - End of the Year	<u><u> \$ 24,651</u></u>

LAVALLETTE SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u>	<u>Cash</u>	<u>Cash</u>	<u>Balance</u>
	<u>July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2010</u>
\$	<u>18,761</u>	<u>24,850</u>	<u>24,553</u>	<u>19,058</u>

Elementary School:
Lavallette Elementary

LAVALLETTE SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

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	<u>\$ 2</u>	<u> 811,603</u>	<u> 811,572</u>	<u> 33</u>
Total Assets	<u><u>\$ 2</u></u>	<u><u> 811,603</u></u>	<u><u> 811,572</u></u>	<u><u> 33</u></u>
Liabilities:				
Payroll Deductions, Withholdings	<u>\$ 2</u>	<u> 811,603</u>	<u> 811,572</u>	<u> 33</u>
Total Liabilities	<u><u>\$ 2</u></u>	<u><u> 811,603</u></u>	<u><u> 811,572</u></u>	<u><u> 33</u></u>

LONG-TERM DEBT – I

LAVALLETTE SCHOOL DISTRICT

GENERAL LONG-TERM DEBT GROUP

Exhibit I-1

STATEMENT OF SERIAL BONDS

JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
			<u>Date</u>	<u>Amount</u>				
Various School Projects	8/6/99	\$ 600,000	8/1/10	\$ 40,000	5.15%	\$ 240,000	40,000	200,000
			8/1/14					
Various School Projects	3/8/05	1,187,000	2/1/11-23	60,000	4.10%	960,000	60,000	900,000
			2/1/24	60,000				
			2/1/25	60,000				
						<u>\$ 1,200,000</u>	<u>100,000</u>	<u>1,100,000</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2010

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2010</u>
Copiers	6%	\$ 14,140	\$ 1,915		1,915	-
Copiers	6%	10,531	3,278		2,422	856
Copiers - 09/10	5%	20,487	-	20,487	2,974	17,513
			<u>\$ 5,193</u>	<u>20,487</u>	<u>7,311</u>	<u>18,369</u>

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 132,655		132,655	132,655	
State Sources:					
Debt Service Aid	18,110		18,110	18,110	
Total Revenues	<u>150,765</u>	<u>-</u>	<u>150,765</u>	<u>150,765</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	50,765		50,765	50,765	-
Redemption of Principal	100,000		100,000	100,000	
Total Expenditures	<u>150,765</u>	<u>-</u>	<u>150,765</u>	<u>150,765</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1					
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

**Lavallette Borough Board of Education
Net Assets by Component,
Last Three Fiscal Years**

(accrual basis of accounting)

**Exhibit J-1
GASB B-1**

	Fiscal Year Ending June 30,		
	2008	2009	2010
Governmental activities			
Invested in capital assets, net of related debt	\$ 4,501,957	\$ 4,257,954	\$ 4,007,291
Restricted	726,623	741,317	707,348
Unrestricted	38,441	8,883	50,963
Total governmental activities net assets	\$ 5,267,021	\$ 5,008,154	\$ 4,765,602
Business-type activities			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	4,111	(3,930)	(33,779)
Total business-type activities net assets	\$ 4,111	\$ (3,930)	\$ (33,779)
District-wide			
Invested in capital assets, net of related debt	\$ 4,501,957	\$ 4,257,954	\$ 4,007,291
Restricted	726,623	741,317	707,348
Unrestricted	42,552	4,953	17,184
Total district net assets	\$ 5,271,132	\$ 5,004,224	\$ 4,731,823

Source: CAFR Schedule A-1

Lavallette Borough Board of Education
 Changes in Net Assets, Last Three Fiscal Years
(accrual basis of accounting)

Exhibit J-2
 GASB B-2

	Fiscal Year Ending June 30,		
	2008	2009	2010
Expenses			
Governmental activities			
Instruction			
Regular	\$ 941,357	\$ 961,112	\$ 1,039,630
Special education	214,449	234,793	214,776
Other instruction	68,198	63,111	50,183
Support Services:			
Tuition	770,742	1,022,513	978,737
Student & instruction related services	293,643	230,368	311,156
School administrative services	214,322	211,443	219,896
Plant operations and maintenance	200,647	205,607	204,412
Pupil transportation	122,949	132,875	152,439
Business and other support services	670,603	585,733	611,509
Interest on long-term debt	58,729	53,402	48,882
Depreciation	351,009	350,729	352,716
Total governmental activities expenses	<u>3,906,648</u>	<u>4,051,686</u>	<u>4,184,336</u>
Business-type activities:			
Food service	87,688	77,010	76,388
Total business-type activities expense	<u>87,688</u>	<u>77,010</u>	<u>76,388</u>
Total district expenses	<u>\$ 3,994,336</u>	<u>\$ 4,128,696</u>	<u>\$ 4,260,724</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ 72,829	\$ 64,126	\$ 79,847
Student & instruction related services	-	13,707	55,227
Business and other support services	-	3,000	-
Operating grants and contributions			
Capital grants and contributions			
Total governmental activities program revenues	<u>72,829</u>	<u>80,833</u>	<u>135,074</u>

Lavallette Borough Board of Education
Changes in Net Assets, Last Three Fiscal Years
(accrual basis of accounting)

Exhibit J-2
GASB B-2

	Fiscal Year Ending June 30,		
	2008	2009	2010
Business-type activities:			
Charges for services			
Food service	28,324	24,716	24,153
Operating grants and contributions	10,567	11,628	13,510
Total business-type activities program revenues	38,891	36,344	37,663
Total district program revenues	\$ 111,720	\$ 117,177	\$ 172,737
Net (Expense)/Revenue			
Governmental activities	\$ (3,833,819)	\$ (3,970,853)	\$ (4,049,262)
Business-type activities	(48,797)	(40,666)	(38,725)
Total district-wide net expense	\$ (3,882,616)	\$ (4,011,519)	\$ (4,087,987)
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Property taxes levied for general purposes, net	\$ 2,729,086	\$ 2,920,121	\$ 3,158,403
Taxes levied for debt service	133,822	137,061	132,655
Unrestricted grants and contributions	491,604	589,059	462,000
Tuition received	70,710	72,768	100,440
Investment earnings	30,146	20,177	388
Cancel Receivable		(25,000)	
Miscellaneous income			(2,813)
Transfers	(6,941)	(45,000)	(31,187)
Total governmental activities	3,448,427	3,669,186	3,819,886
Business-type activities:			
Investment earnings	622		104
Miscellaneous income		45,000	301
Cancel payable			
Transfers	6,941	25,000	31,187
Total business-type activities	7,563	70,000	31,592
Total district-wide	\$ 3,455,990	\$ 3,739,186	\$ 3,851,478
Change in Net Assets			
Governmental activities	\$ (385,392)	\$ (163,089)	\$ (242,552)
Business-type activities	(41,234)	18,656	(7,434)
Total district	\$ (426,626)	\$ (144,433)	\$ (249,986)

Source: CAFR Schedule A-2

**Lavallette Borough Board of Education
Fund Balances, Governmental Funds,
Last Three Fiscal Years**
(modified accrual basis of accounting)

**Exhibit J-3
GASB B-3**

	Fiscal Year Ending June 30,		
	2008	2009	2010
General Fund			
Reserved	\$ 355,584	\$ 374,116	\$ 249,841
Unreserved	237,509	210,928	340,147
Total general fund	<u>\$ 593,093</u>	<u>\$ 585,044</u>	<u>\$ 589,988</u>
All Other Governmental Funds			
Reserved	\$ 370,743	\$ 367,201	\$ 367,201
Unreserved, reported in:			
Special revenue fund	-	-	-
Capital projects fund	-	-	-
Debt service fund	-	-	-
Total all other governmental funds	<u>\$ 370,743</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>

Source: CAFR Schedule B-1

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax/levy	\$ 2,377,804	\$ 2,343,409	\$ 2,472,219	\$ 2,611,078	\$ 2,625,911	\$ 2,862,908	\$ 2,946,403	\$ 3,057,182	\$ 3,173,373	\$ 3,291,058
Tuition charges	55,758	72,990	64,401	59,933	68,215	70,710	73,710	72,768	76,824	100,440
Interest earnings	45,668	16,242	8,571	4,643	21,615	30,646	29,284	6,528	2,959	388
Miscellaneous	1,574	1,429	4,171	135	164	2,461	569,434	24,149	4,055	12,437
State sources	363,897	365,346	376,980	447,765	453,930	497,723	594,982	594,982	479,899	462,000
Federal sources	55,107	67,883	73,252	81,620	83,332	66,210	69,810	64,410	62,288	132,898
Total revenue	2,899,808	2,867,239	2,999,594	3,205,174	3,253,167	3,528,197	3,691,102	3,820,019	3,799,398	3,999,221
Expenditures										
Instruction										
Regular instruction	843,235	804,690	862,267	871,550	911,290	900,677	890,949	930,909	955,955	1,040,914
Special education instruction	68,213	69,004	34,951	41,106	53,102	136,891	225,685	214,449	234,793	214,776
Other instruction	38,563	22,671	77,334	87,714	91,167	75,763	84,119	62,086	54,889	50,183
Community services	2,000	1,155	945	1,200	4,413	1,492	2,309	6,112	8,222	
Support Services:										
Tuition	749,389	822,050	879,088	843,966	917,969	651,438	882,070	770,742	1,022,513	978,737
Student & instruction related services	173,328	183,843	168,006	307,082	223,058	241,746	256,779	293,643	230,368	311,156
Support services School Administration	265,789	275,466	277,291	177,545	194,410	215,866	199,329	214,322	211,443	219,896
Plant operations and maintenance	162,672	184,703	159,289	179,836	179,650	182,682	189,055	200,647	205,607	204,412
Pupil Transportation	135,327	135,513	147,232	163,952	160,390	161,388	176,653	122,949	132,875	152,439
Unallocated employee benefits	287,985	325,992	353,940	422,930	435,374	511,997	615,460	670,603	585,733	611,509
Capital outlay	73,956	64,040	60,129	73,942	1,283,974	297,001	49,905	75,745	5,237	15,229
Debt service:										
Principal	40,000	40,000	40,000	40,000	40,000	95,000	95,000	97,000	100,000	100,000
Interest and other charges	45,320	27,810	25,750	23,690	21,630	64,097	63,885	59,625	55,285	50,765
Total expenditures	2,885,777	2,956,937	3,086,222	3,234,513	4,516,427	3,536,038	3,731,198	3,718,832	3,802,920	3,950,016
Excess (Deficiency) of revenues over (under) expenditures	14,031	(89,698)	(86,628)	(29,339)	(1,263,260)	(7,841)	(40,096)	101,187	(3,522)	49,205
Other Financing sources (uses)										
State grants										
Bond proceeds					876,525					
Accounts Receivable cancelled					1,187,000					
Adjustment of fund balance							(262,630)			
Transfers in										
Transfers out	(10,000)	(10,000)	(11,000)	(11,000)	77,757	(6,941)	(18,559)	(45,000)	(8,119)	(31,187)
Total other financing sources (uses)	(10,000)	(10,000)	(11,000)	(11,000)	2,130,282	(6,941)	(281,189)	(70,000)	(8,119)	(44,261)
Net change in fund balances	\$ 4,031	\$ (99,698)	\$ (97,628)	\$ (40,339)	\$ 867,022	\$ (14,782)	\$ (321,285)	\$ 31,187	\$ (11,641)	\$ 4,944
Debt service as a percentage of noncapital expenditures	3.0%	2.3%	2.2%	2.0%	1.9%	4.9%	4.3%	4.3%	4.1%	3.8%

Source: CAFR Schedule B-2

LAVALLETTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2001	45,669	55,758	1,574	\$ 103,001
2002	16,242	72,990	1,429	\$ 90,661
2003	8,571	64,401	4,171	\$ 77,143
2004	4,643	59,933	135	\$ 64,711
2005	18,735	68,215	164	\$ 87,114
2006	30,146	70,710	500	\$ 101,356
2007	29,284	73,710	1,961	\$ 104,955
2008	19,828	72,768	349	\$ 92,945
2009	2,520	76,824	3,555	\$ 82,899
2010	388	100,440	10,261	\$ 111,089

Source: District Records

Exhibit J-6
GASE C-11
NJ J-4

Lavallette Borough Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Four Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Exempt Property	Net Valuation Taxable	Public Utilities ^a	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	26,871,700	1,700,885,500	-	-	40,381,960	-	5,455,400	1,773,593,960	40,856,400	1,735,257,773	2,520,213	0.162	1,606,720,160
2007	27,933,400	1,728,313,700	-	-	38,413,960	-	4,993,100	1,799,654,160	40,238,700	1,761,417,926	2,002,466	0.165	1,630,942,524
2008	40,821,600	1,726,353,800	-	-	42,144,860	-	4,927,700	1,814,247,960	40,238,700	1,854,486,660	1,690,326	0.170	1,690,326,000
2009	29,579,700	1,743,981,400	-	-	42,144,860	-	4,843,100	1,820,549,060	40,238,700	1,860,787,760	1,725,503	0.181	2,415,934,667
2010	27,372,200	1,790,933,100	-	-	38,969,360	-	4,843,100	1,862,117,760	40,238,700			0.175	2,410,508,427

Sources: Municipal Finance Officer and Ocean County Abstract of Rates

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

Lavallette Borough Board of Education
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Lavallette Borough Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Lavallette Borough	Ocean County	
2001	0.356	0.010	0.366	0.483	0.670	1.519
2002	0.350	0.007	0.356	0.508	0.745	1.609
2003	0.362	0.006	0.368	0.532	0.800	1.700
2004	0.382	0.006	0.388	0.211	0.325	0.924
2005	0.146	0.002	0.148	0.229	0.510	0.887
2006	0.154	0.008	0.162	0.229	0.361	0.752
2007	0.157	0.008	0.165	0.240	0.388	0.793
2008	0.162	0.008	0.170	0.257	0.411	0.838
2009	0.167	0.008	0.175	0.258	0.411	0.844
2010	0.173	0.008	0.181	0.026	0.423	0.882

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.

Lavallette Borough Board of Education
Principal Property Tax Payers,
Two and Eleven Years Ago

Exhibit J-8
GASB C-3
NJ J-11

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Joseph Pesci	4,988,134	1	0.27%	1,092,400	4	0.17%
Donald & Lisa Storms	3,924,304	2	0.22%			
Giant Realty	3,547,523	3	0.20%			
Donald Friccione	3,512,618	4	0.19%			
Michael & Anna Sherlock	3,443,002	5	0.19%			
Steven & Joan Sweeney	3,418,375	6	0.19%			
Wachovia Bank	3,332,856	7	0.18%			
Richard & Mary Molke	3,332,856	8	0.18%			
Brain & Ellen Walsh	3,266,538	9	0.18%			
John & Kathleen Serra	2,386,153	10	0.13%			
Lavallett Yacht Club				2,087,200	1	0.33%
Bell Atlantic				2,033,453	2	0.31%
Bell Atlantic				1,100,100	3	0.17%
800 Rt. 35 North Corp.				991,700	5	0.16%
Kay's Bakery, Inc				917,300	6	0.14%
Car-Lou, Inc.				792,100	7	0.13%
Clemente & Margaret Liccardi				792,100	8	0.12%
James & Sharon Maida				786,700	9	0.12%
Louise C., Inc.				760,700	10	0.12%
Total	<u>\$ 35,152,360</u>		<u>1.94%</u>	<u>\$ 11,353,753</u>		<u>1.77%</u>

Source: District CAFR & Municipal Tax Assessor

Lavallette Borough Board of Education
 Property Tax Levies and Collections,
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	2,377,804	2,377,804	100.00%	-
2002	2,387,294	2,387,294	100.00%	-
2003	2,472,220	2,472,220	100.00%	-
2004	2,611,078	2,611,078	100.00%	-
2005	2,625,911	2,625,911	100.00%	-
2006	2,869,453	2,869,453	100.00%	-
2007	2,946,403	2,946,403	100.00%	-
2008	3,057,182	3,057,182	100.00%	-
2009	3,173,373	3,173,373	100.00%	-
2010	3,291,058	3,313,072	100.67%	(22,014)

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

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

Lavallette Borough Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit J-10
GASB D-1
New

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	County Per Capita Income*
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2001	\$ 560,000	-	-	-	-	560,000	5.60%	\$ 31,376
2002	520,000	-	-	-	-	520,000	6.13%	31,878
2003	480,000	-	-	-	-	480,000	6.74%	32,333
2004	440,000	-	-	-	-	440,000	7.49%	32,940
2005	1,587,000	-	12,740	-	-	1,599,740	2.12%	33,921
2006	1,492,000	-	20,249	-	-	1,512,249	2.38%	36,037
2007	1,397,000	-	15,446	-	-	1,412,446	2.64%	37,228
2008	1,300,000	-	10,518	-	-	1,310,518	3.02%	39,521
2009	1,200,000	-	5,193	-	-	1,205,193		
2010	1,100,000	-	18,369	-	-	1,118,369		

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

* Source-Ocean County Department of Planning

Lavallette Borough Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11
GASB D-2
NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	560,000	-	560,000	0.02%	\$ 225.14
2002	520,000	-	520,000	0.08%	\$ 195.12
2003	480,000	-	480,000	0.07%	\$ 180.11
2004	440,000	-	440,000	0.07%	\$ 165.10
2005	1,587,000	-	1,587,000	0.09%	\$ 595.50
2006	1,492,000	-	1,492,000	0.08%	\$ 559.85
2007	1,397,000	-	1,397,000	0.08%	\$ 524.20
2008	1,300,000	-	1,300,000	0.07%	\$ 487.80
2009	1,200,000	-	1,200,000	0.07%	\$ 450.28
2010	1,100,000	-	1,100,000	0.06%	\$ 412.76

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-14.

Lavallette Borough Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2010

Exhibit J-12
 GASB D-3
 NJ J-8 modified

<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 Lavallette Borough	4,814,740	100.000%	4,814,740
Lavallette Borough School District Direct Debt			<u>1,100,000</u>
Total direct and overlapping debt			<u>\$ 5,914,740</u>

Sources: Lavallette Borough Finance Officer

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 Lavallette. 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.

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2010	\$ 2,412,221,024
2009	2,423,634,589
2008	2,413,526,620
[A]	\$ 7,249,382,233

Average equalized valuation of taxable property	[A/3]	\$ 2,416,460,744
Debt limit (3 % of average	[B]	72,493,822 ^a
Net bonded school debt	[C]	1,100,000
Legal debt margin	[B-C]	\$ 71,393,822

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 19,913,275	\$ 21,160,325	\$ 23,094,558	\$ 30,762,285	\$ 30,749,233	\$ 51,586,192	\$ 53,735,861	\$ 55,596,380	72,303,183	72,493,822
Total net debt applicable to limit	560,000	520,000	480,000	440,000	1,587,000	1,492,000	1,397,000	1,300,000	1,200,000	1,100,000
Legal debt margin	\$ 19,353,275	\$ 20,640,325	\$ 22,614,558	\$ 30,322,285	\$ 29,162,233	\$ 50,094,192	\$ 52,338,861	\$ 54,296,380	\$ 71,103,183	\$ 71,393,822
Total net debt applicable to the limit as a percentage of debt limit	2.81%	2.46%	2.08%	1.43%	5.16%	2.89%	2.60%	2.34%	1.66%	1.52%

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

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

Lavallette Borough Board of Education
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Exhibit J-14
 GASB E-1
 NJ J-10 modified

Year	Population **	County Per Capita Personal Income	State of NJ Unemployment Rate
1997	2,402	\$ 26,179	4.8%
1998	2,407	27,511	
1999	2,406	28,136	
2000	2,665	30,332	3.5%
2001	2,665	31,344	3.5%
2002	2,665	31,843	4.8%
2003	2,665	32,279	5.1%
2004	2,665	33,558	5.5% ***
2005		34,509	4.9% ***
2006			4.6% ***

* Source: N.J. Department of Labor Statistics, April 2007

** Source: US Bureau of the Census, Population Division 10/00 and Census 2000 Data for NJ General Demographic Profile

*** US Department of Labor, Bureau of Statistics, 3/1/06

Lavallette Borough Board of Education
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15
GASB E-2
NEW

Information not available

Lavallette Borough Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

Exhibit J-16
 GASB F-1

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	12.5	12.5	13.5	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Special education	2.0	2.0	2.2	2.4	2.6	3.6	4.6	4.6	4.6	5.6
Support Services:										
Student & instruction related services	3.7	3.9	4.4	4.7	4.9	4.9	4.9	4.9	4.9	5.7
General administrative services	1.1	1.1	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2
School administrative services	1.0	1.0	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Business administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.4
Plant operations and maintenance	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7
Food Service	1.1	1.1	1.1	1.1	1.4	1.4	1.4	1.4	1.4	1.4
Total	24.0	24.2	26.5	26.1	26.8	27.9	28.9	29.3	29.3	31.1

Source: District Personnel Records

Lavallette Borough Board of Education
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17
 GASB F-6
 NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil (c)	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) b	Average Daily Attendance (ADA) b	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	166	2,651,504			21	1:7.9	166.8	158.1	-1.185%	94.78%
2002	178	2,780,817			20	1:8.9	177.9	167.9	6.655%	94.38%
2003	163	2,891,099			23	1:7.1	162.9	154.8	-8.432%	95.03%
2004	156	2,956,683			21	1:7.4	156.3	148.0	-4.052%	94.69%
2005	143	3,038,828	13,057		20	1:7.1	143.6	135.1	-8.125%	94.08%
2006	143	2,893,443	14,246	9.11%	20	1:7.1	141.3	133.0	-1.602%	94.13%
2007	141	3,448,537	15,116	6.11%	21	1:6.9	141.3	132.7	0.000%	93.91%
2008	148	3,469,988	15,318	1.34%	21	1:7.0	148.4	139.3	5.025%	93.87%
2009	138	3,581,255	15,358	0.26%	21	1:6.6	139.6	131.1	-5.930%	93.91%
2010	148	3,799,251			21	1:7	148.6	139.7	6.447%	94.01%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- c based on NJ School Report card data

Lavallette Borough Board of Education
 School Building Information
 Last Ten Fiscal Years

Exhibit J-18
 New

District Building	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Lavallette Elementary School (19856, 1982)										
Square Feet	20,800	20,800	20,800	20,800 #	20,800	20,900	20,900	20,900	20,900	20,900
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	167	178	163	156	144	143	141	148	138	148

Source: District records, ASSA

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

LAVALLETTE SCHOOL DISTRICT

Insurance Schedule

Exhibit J-20

June 30, 2010 - Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building and Contents	\$4,900,000	\$1,000
Comprehensive General Liability	\$1,000,000	
Commercial Auto Liability	\$1,000,000	
EDP Hardware & software	\$350,000	\$ 1,000/Theft
Boiler and Machinery	\$100,000,000	\$ 1,000/PD
Crime: Faithful Performance	\$25,000	500
Commercial Umbrella Liability - NJSBAIG	\$5,000,000	\$10,000
Flood Insurance-Selective Insurance Company		
Building	\$500,000	\$1,000
Contents	\$500,000	\$1,000
Workers' Compensation Policy – NJSBAIG	\$2,000,000	
Supplemental Worker's Compensation –Life Insurance Co of NA	\$500,000	
School Leaders' Errors and Omissions - NJSBAIG	\$5,000,000	\$ 5,000/claim
Student and Athletic Accident Insurance – Peoples Benefit Life	\$500,000	
Bond - Public Official (Treasurer of School Monies) - NJSBAIG	\$152,000	\$1,000
Bond- Public Official (Board Secretary) - NJSBAIG	\$152,000	\$1,000

SCHEDULES OF FEDERAL AND STATE AWARDS

L'AVALLETTTE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule A
K-3

Federal Grantor/Pass-Through Grantor/Program Title U.S. Department of Education Passed-Through State Department of Education	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2010	
				From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue
Special Revenue Fund I.D.E.A.												
Basic	84.027	N/A	\$ 48,471	9/1/2008	8/31/2009	\$	(19,732)	19,732				
Basic	84.027	N/A	47,093	9/1/2009	8/31/2010			47,093	(47,093)			
No Child Left Behind.												
Title I	84.010A		16,110	9/1/2008	8/31/2009		(5,600)	5,600				
Title I	84.010A		24,220	9/1/2009	8/31/2010			24,220	(24,220)			
Title II/A	84.367		12,707	9/1/2008	8/31/2009		(6,172)					
Title II/A	84.367		13,211	9/1/2009	8/31/2010			13,211	(13,211)			
Title III			246	9/1/2009	8/31/2010			246	(246)			
Title V	84.298		126	9/1/2008	8/31/2009		(126)	126				
A.R.A.:												
Title I	84.389		7,757	9/1/2009	8/31/2010			7,757	(7,757)			
I.D.E.A. Basic	84.391		40,371	9/1/2009	8/31/2010			40,327	(40,371)		(44)	
Total Special Revenue							(31,630)	164,484	(132,898)		(44)	
U.S. Department of Agriculture Passed Through State Department of Education												
National School Lunch Program	10.555	N/A	11,733	7/1/2008	6/30/2009		(3,289)	3,289				
National School Lunch Program	10.555	N/A	12,629	7/1/2009	6/30/2010			8,379	(12,629)		(4,250)	
Total Enterprise Fund							(3,289)	11,668	(12,629)		(4,250)	
Total Federal Financial Assistance							(34,919)	176,152	(145,527)		(4,294)	

See accompanying Notes to Schedules of Financial Assistance.

LAYALLETTE SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR FISCAL YEAR ENDED JUNE 30, 2010

Schedule B
K-4

State Grantor/ Program Title State Department of Education General Fund	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2010		MEMO
			From	To						(Accounts Receivable)	Deferred Revenue	
Transportation Aid	10-495-034-5120-014	\$ 39,350	7/1/2009	6/30/2010	\$ -	-	39,350	(39,350)	-	(4,990)	39,350	
Special Education Aid	10-495-034-5120-089	102,595	7/1/2009	6/30/2010	-	-	102,595	(102,595)	-	(13,010)	102,595	
Security Aid	10-495-034-5120-084	12,937	7/1/2009	6/30/2010	-	-	12,937	(12,937)	-	(1,643)	12,937	
Adjustment Aid	10-495-034-5120-085	60,590	7/1/2009	6/30/2010	(53,536)	-	60,590	(60,590)	-	(7,084)	60,590	
Extraordinary Aid	09-495-034-5120-044	53,536	7/1/2008	6/30/2009	-	-	53,536	-	-	-	-	
Extraordinary Aid	10-495-034-5120-044	39,168	7/1/2009	6/30/2010	(1,913)	-	-	(39,168)	-	-	39,168	
Non-Public Transportation Aid	09-495-034-5120-014	1,913	7/1/2008	6/30/2009	-	-	1,913	-	-	-	-	
Non-Public Transportation Aid	10-495-034-5120-014	1,128	7/1/2009	6/30/2010	-	-	-	(1,128)	-	-	1,128	
On-Behalf TPAF Pension Contr	10-100-034-5095-006	88,231	7/1/2009	6/30/2010	-	-	88,231	(88,231)	-	-	88,231	
Reimbursed TPAF Social Security	10-100-034-5095-002	101,241	7/1/2009	6/30/2010	(55,449)	-	101,241	(101,241)	-	-	101,241	
Total General Fund							460,393	(445,240)	-	(40,266)	445,240	
Debt Service												
Debt Service Aid Type II	10-495-034-5120-017	18,110	7/1/2009	6/30/2010	-	-	18,110	(18,110)	-	-	18,110	
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program (State Share)	10-106-010-3360-023	881	7/1/2009	6/30/2010	(243)	-	598	(881)	(283)	-	881	
National School Lunch Program (State Share)	09-106-010-3360-023	862	7/1/2008	6/30/2009	(243)	-	243	(881)	-	(283)	-	
Total State Financial Assistance							479,344	(464,231)	-	(40,579)	464,231	

See accompanying Notes to Schedules of Financial Assistance