

**SCHOOL DISTRICT**

**OF**

**LITTLE SILVER**



**LITTLE SILVER BOARD OF EDUCATION  
LITTLE SILVER, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LITTLE SILVER BOARD OF EDUCATION**

**LITTLE SILVER, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**PREPARED BY**

**LITTLE SILVER BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**LITTLE SILVER SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1 to 4.
Roster of Officials	5.
Consultants and Advisors	6.
Organizational Chart	7.
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	8 & 9.
<b>Required Supplementary Information – Part I</b> Management's Discussion and Analysis	10 to 15a.
<b><u>Basic Financial Statements</u></b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	16.
A-2 Statement of Activities	17 & 18.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	19.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20 & 21.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22.
Proprietary Funds:	
B-4 Statement of Net Assets	23.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	24.
B-6 Statement of Cash Flows	25.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	26.
B-8 Statement of Changes in Fiduciary Net Assets	27.
Notes to Financial Statements	28 to 44.

# LITTLE SILVER SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	45 to 56.
C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	57.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	58.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	59 to 61.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

# LITTLE SILVER SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance	N/A
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status	N/A
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Statement of Net Assets	62.
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	63.
G-3 Statement of Cash Flows	64.
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	65.
H-2 Statement of Changes in Fiduciary Net Assets	66.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	67.
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	68.
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	69.
I-2a Schedule of Loans Payable	70.
I-3 Debt Service Fund Budgetary Comparison Schedule	71.

## **STATISTICAL SECTION (Unaudited)**

### **Introduction to the Statistical Section**

#### **Financial Trends**

J-1 Net Assets by Component	72.
J-2 Changes in Net Assets	73 & 74.
J-3 Fund Balances – Governmental Funds	75.
J-4 Changes in Fund Balances – Governmental Funds	76.
J-5 General Fund Other Local Revenue by Source	77.

# LITTLE SILVER SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATISTICAL SECTION (Unaudited) (Continued)</b>	
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	78.
J-7 Direct and Overlapping Property Tax Rates	79.
J-8 Principal Property Taxpayers*	80.
J-9 Property Tax Levies and Collections	81.
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	82.
J-11 Ratios of General Bonded Debt Outstanding	83.
J-12 Direct and Overlapping Governmental Activities Debt	84.
J-13 Legal Debt Margin Information	85.
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	86.
J-15 Principal Employers	87.
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	88.
J-17 Operating Statistics	89.
J-18 School Building Information	90.
J-19 Schedule of Required Maintenance Expenditures by School Facility	91.
J-20 Insurance Schedule	92.

\*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

## **SINGLE AUDIT SECTION**

K-1 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	93 & 94.
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	95 & 96.
K-3 Schedule of Expenditures of Federal Awards, Schedule A	97.
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	98.
K-5 Notes to Schedules of Awards and Financial Assistance	99 & 100.
K-6 Schedule of Findings and Questioned Costs	101 to 105.
K-7 Summary Schedule of Prior Audit Findings	106.

## **INTRODUCTORY SECTION**



# LITTLE SILVER SCHOOL DISTRICT

124 Willow Drive, Little Silver, NJ 07739

Tel: 732-741-2188

Fax: 732-741-3644

October 21, 2010

Honorable President and  
Members of the Board of Education  
Little Silver Public Schools  
Little Silver, New Jersey 07739  
County of Monmouth, New Jersey

Dear Board Members/Citizens:

The comprehensive annual financial report of the Little Silver School District ("District") for the fiscal year ended June 30, 2010 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Little Silver Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, 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 Amendments of 1996, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the state Treasury OMB Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Little Silver School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Little Silver Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular instruction and special education for both special needs and for handicapped children in and out of district. The District provides a variety of after school activities which include band, chorus, computer club, and athletic activities. The District provides transportation for children who live 2 miles from the school and also provides subscription bussing, which allows the District to charge parents for transporting children who live less than 2 miles from school. The district completed the 2009-2010 fiscal year with an enrollment of 811 students which reflects a increase of 10 students from the previous year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK:

Little Silver is a suburban community whose residents mainly are professionals who work in corporations in the area or commute to New York City. Most of the area has been developed and there is little commercial enterprise.

The school system is highly valued by local residents. Students in Little Silver attain very high scores on performance assessments, placing the school system year after year in the top five percent in the state academically. 58% of the professional staff hold advanced academic degrees, and there is a great deal of emphasis on continuing professional development.

The Education Foundation of Little Silver, created in 1995, provides many resources for innovative educational programs with an emphasis on the support of technology in the schools. The Little Silver Parent Teacher Organization is also very generous with its support in enrichment and enhancement of the educational program of the schools.

Little Silver Schools have formed innovative partnerships in education with both corporations and local universities to further the implementation of academic programs and technology. There is an excellent degree of participation by parents and community members with the school system including making the facilities available for Little Silver's Recreation programs, Boys Scouts, Girl Scouts and adult recreational activities. The district has the parents involved throughout the school year in many activities such as: Back-to-School Nights, American Education Week, Family Activity Night, and Curriculum programs sponsored by the PTO.

3. MAJOR INITIATIVES:

The Little Silver students continue to score above the state and national averages on standardized tests. The following is a summary of our 2008-2009 passing NJASK Scores for Grade 3, 4, 5, 6, 7 & 8:

	<u>Language Arts</u>	<u>Science</u>	<u>Mathematics</u>
*Grade 3	86.5%	n/a	90.6%
*Grade 4	90.1%	100%	91.4%
*Grade 5	90.6%	n/a	94.0%
*Grade 6	92.2%	n/a	93.3%
*Grade 7	95.3%	n/a	84.9%
*Grade 8	97.9%	97.9%	92.6%

Many professional development activities were accomplished in the 2009-2010 school year. In February, an in-service day was conducted for staff. Many workshops were also presented during the year including parent workshops. These workshops support the focus on federal and state mandated use of technology as well as the implementation of core curriculum standards for both regular and special education. Little Silver Schools is also a member of a number of networks and consortiums, which provide professional development on a shared-cost basis.

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:

- a) the cost of a control should not exceed the benefits likely to be derived; and
- b) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to the 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 account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as 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 Note 1 of the Notes to the Financial Statements.

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.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in Note 2 of the Notes to the Financial Statements. 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, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, employee benefits liability, nurses' professional liability, workers' compensation, hazard and theft insurance on property and contents, board legal liability, student accident and fidelity bonds for the Treasurer, Board Secretary/Business Administrator and Assistant Board Secretary.

10. OTHER INFORMATION:

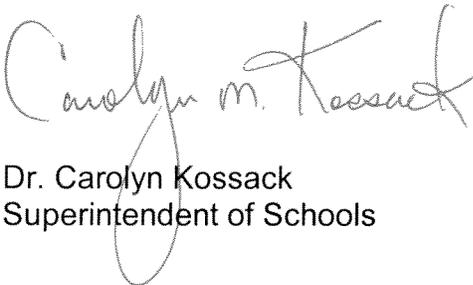
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Robert A. Hulsart & Company, CPAs. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996, the related OMB Circular A-133 and state OMB Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Little Silver Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Dr. Carolyn Kossack  
Superintendent of Schools



Amy S. Lerner  
School Business Administrator/Board Secretary



# LITTLE SILVER PUBLIC SCHOOLS

124 Willow Drive, Little Silver, NJ 07739

Amy Lerner  
Business Admin./Board Secretary

Tel: 732-741-2188  
Fax: 732-741-3644

## LITTLE SILVER BOARD OF EDUCATION

### LITTLE SILVER, NEW JERSEY

#### ROSTER OF OFFICIALS

JUNE 30, 2010

#### Members of the Board of Education

	<u>Expires</u>
Kevin Brennan, President	2012
Christian Smith, Vice President	2012
Kathleen Driscoll	2013
Andrew Lloyd	2011
James Maguire	2011
Amy Walsack	2011
Andrew Walsh	2013

#### Other Officials

Dr. Carolyn M. Kossack, Superintendent

Amy S. Lerner, School Business Administrator/Board Secretary

Linda M. Considine, Treasurer

Anthony P. Sciarrillo, Esquire



# LITTLE SILVER PUBLIC SCHOOLS

124 Willow Drive, Little Silver, NJ 07739

Amy Lerner  
Business Admin./Board Secretary

Tel: 732-741-2188  
Fax: 732-741-3644

## LITTLE SILVER BOARD OF EDUCATION

### CONSULTANTS AND ADVISORS

JUNE 30, 2010

#### **Audit Firm**

Robert A. Hulsart and Company C.P.A.'s  
2807 Hurley Pond Road  
Wall, New Jersey 7719

#### **Attorney**

Lindabury, McCormick & Estabrook, P.A.  
53 Cardinal Drive, P.O. Box 2369  
Westfield, New Jersey 07091-2369

#### **Official Depository**

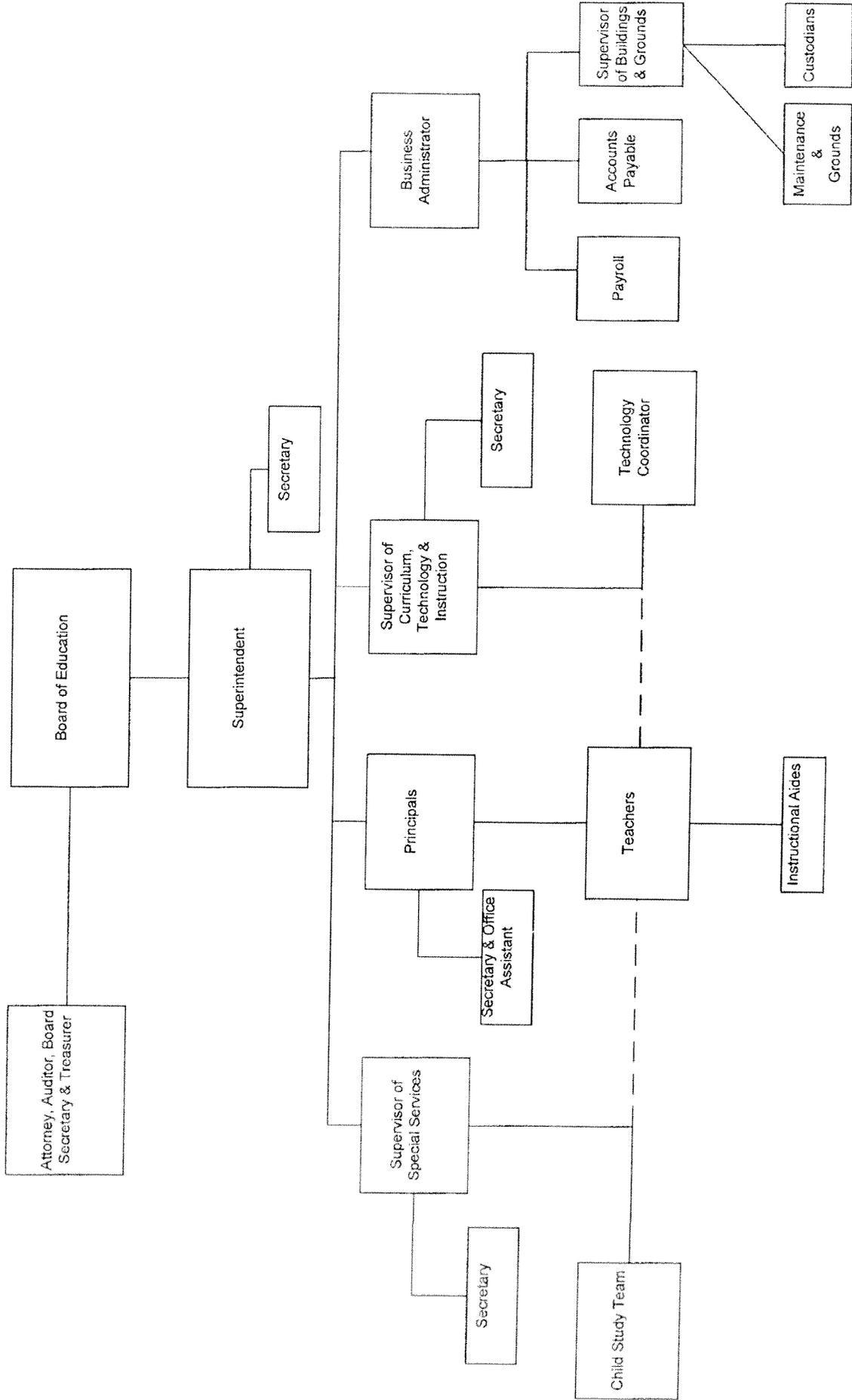
Investors Savings Bank  
20 White Street  
Red Bank, New Jersey 07701

Commerce Capital Markets  
1701 Route 70 East  
Cherry Hill, New Jersey 08034-5400

#### **Construction Management Company**

Vincentzen, Thompson, Meade, Inc.  
238 St. Paul Street  
Westfield, New Jersey 07090

LITTLE SILVER BOARD OF EDUCATION  
 Little Silver, NJ 07739



## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

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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2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Little Silver School District  
County of Monmouth  
Little Silver, 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 Little Silver School District, in the County of Monmouth, 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 Little Silver 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 Little Silver Board of Education, in the County of Monmouth, 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 October 21, 2010, on our consideration of the Little Silver 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 10 through 15a 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 inquires 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 Little Silver 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

October 21, 2010

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**LITTLE SILVER PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF LITTLE SILVER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Little Silver Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2009-2010 fiscal year are as follows:

- General revenues accounted for \$12,251,979 in revenue or 97% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$316,145 or 3% percent to total revenues of \$12,568,124.
- The School District had \$12,392,043 in expenses; only \$316,145 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,251,979 were adequate to provide for these programs.
- The General Fund had \$11,324,814 in revenues and \$11,390,533 in expenditures. The General Fund's balance decreased \$65,719 over 2009. This increase was anticipated by the Board of Education.

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

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

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

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

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

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2009-2010 fiscal year?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

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

### **Fund Financial Statements**

The analysis of the School District’s major (all) funds begins on Exhibit A-1. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

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

### Enterprise Fund

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

### The School District as a Whole

Table 1 provides a summary of the School District's net assets comparisons of fiscal year 2010 with 2009.

**Table 1**  
**Net Assets**

	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,918,754	2,056,644
Capital Assets, Net	<u>19,140,992</u>	<u>19,065,895</u>
Total Assets	<u>\$ 21,059,746</u>	<u>21,122,539</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities	\$ 7,955,283	8,611,502
Other Liabilities	<u>672,628</u>	<u>636,467</u>
Total Liabilities	<u>\$ 8,627,911</u>	<u>9,247,969</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ 10,642,622	9,958,683
Restricted	1,639,728	1,748,015
Unrestricted	<u>149,485</u>	<u>167,872</u>
Total Net Assets	<u>\$ 12,431,835</u>	<u>11,874,570</u>

Table 2 shows the changes in net assets for fiscal year 2010. Revenue and expense comparisons to fiscal year 2009.

**Table 2**  
**Changes in Net Assets**

	<u>2010</u>	<u>2009</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$	73,026
Operating Grants and Contributions	316,145	297,696
General Revenues		
Property Taxes	10,954,872	10,772,792
Grants and Entitlements	1,189,068	1,287,184
Other	<u>108,039</u>	<u>166,829</u>
Total Revenues	<u>12,568,124</u>	<u>12,597,527</u>
<b><u>Program Expenses</u></b>		
Instruction	5,165,988	5,096,100
Support Services		
Pupils and Instructional Staff	1,550,884	1,349,169
General Administration, School Administration, Business	3,514,045	3,391,805
Operations and Maintenance of Facilities	1,080,161	1,058,348
Pupil Transportation	289,030	238,267
Interest on Debt	356,815	379,824
Food Service	2,342	97,585
Unallocated Depreciation	<u>432,778</u>	<u>421,375</u>
Total Expenses	<u>12,392,043</u>	<u>12,023,473</u>
Increase in Net Assets	<u>\$ 176,081</u>	<u>574,054</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 87% percent of revenues for governmental activities for the Little Silver Public School District for fiscal year 2010. The District's total revenues were \$12,568,124 for the fiscal year ended June 30, 2010. Federal, state, local grants and other local revenues accounted for another 13%.

### **Business-Type Activities**

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

- Food service expenses exceeded revenues by \$2,342.

## **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

## **The School Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Little Silver's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2010, it reported a combined net asset balance of \$12,431,835. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

**The School Board' Funds (Continued)**

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$325,004 generated less than had been budgeted in terms of expenditures. Revenue-wise, the General Fund generated \$667,116 more than expected.

**Capital Assets**

At June 30, 2010, the School Board had approximately \$19,119,640 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2010 fiscal year.

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>
Table II		
Capital Assets at June 30, 2010		
Land	\$ 5,297,900	
Land Improvements	224,753	
Buildings	13,236,669	
Machinery and Equipment	<u>360,318</u>	21,352
Total	<u>\$ 19,119,640</u>	<u>21,352</u>

**Debt Administration**

At June 30, 2010, the School District had \$8,617,125 as outstanding debt. Of this amount \$118,755 is for compensated absences, \$367,370 is for loans for school facilities, and the balance of \$8,131,000 is for bonds for school construction.

**Economic Factors and Next Year's Budget**

The Little Silver Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Little Silver is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

**Economic Factors and Next Year's Budget (Continued)**

The \$131,523 of unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$131,523.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Amy S. Lerner, School Business Administrator/Board Secretary at Little Silver Board of Education, 124 Willow Drive, Little Silver, NJ 07739.

## **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>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 163,483	17,962	181,445
Receivables, Net	97,581		97,581
Restricted Assets:			
Cash and Cash Equivalents	1,096,514		1,096,514
Capital Reserve Account - Cash	543,214		543,214
Capital Assets, Net	<u>19,119,640</u>	<u>21,352</u>	<u>19,140,992</u>
Total Assets	<u>\$ 21,020,432</u>	<u>39,314</u>	<u>21,059,746</u>
<b><u>Liabilities</u></b>			
Deferred Revenue	10,786		10,786
Noncurrent Liabilities:			
Due Within One Year	661,842		661,842
Due Beyond One Year	<u>7,955,283</u>		<u>7,955,283</u>
Total Liabilities	<u>\$ 8,627,911</u>	<u>-</u>	<u>8,627,911</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 10,621,270	21,352	10,642,622
Restricted For:			
Debt Service	3		3
Other Purposes	1,639,725		1,639,725
Unrestricted	<u>131,523</u>	<u>17,962</u>	<u>149,485</u>
Total Net Assets	<u>\$ 12,392,521</u>	<u>39,314</u>	<u>12,431,835</u>

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

**LITTLE SILVER SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 3,827,448			(3,827,448)		(3,827,448)
Special Education	1,100,857		186,603	(914,254)		(914,254)
Other Special Instruction	163,266			(163,266)		(163,266)
Other Instruction	74,417			(74,417)		(74,417)
Support Services:						
Tuition	93,294			(93,294)		(93,294)
Student & Instruction Related Services	1,457,590		129,542	(1,328,048)		(1,328,048)
School Administrative Services	409,651			(409,651)		(409,651)
General and Business Administrative Services	736,062			(736,062)		(736,062)
Plant Operations and Maintenance	1,080,161			(1,080,161)		(1,080,161)
Pupil Transportation	289,030			(289,030)		(289,030)
Business and Other Support Services	2,368,332			(2,368,332)		(2,368,332)
Interest on Long-Term Debt	356,815			(356,815)		(356,815)
Unallocated Depreciation	432,778			(432,778)		(432,778)
Total Government Activities	12,389,701	-	316,145	(12,073,556)	-	(12,073,556)
Business-Type Activities:						
Food Service	2,342				(2,342)	(2,342)
Total Primary Government	12,392,043	-	316,145	(12,073,556)	(2,342)	(12,075,898)

LITTLE SILVER 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		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				10,027,707		10,027,707
Taxes Levied for Debt Service				927,165		927,165
Federal and State Aid Not Restricted				1,189,068		1,189,068
Investment Earnings				19,032		19,032
Miscellaneous Income				89,007		89,007
Total General Revenues, Special Items, Extraordinary Items and Transfers				12,251,979		12,251,979
Change in Net Assets				178,423	(2,342)	176,081
Fixed Asset Adjustments				379,184	2,000	381,184
Net Assets - Beginning				11,834,914	39,656	11,874,570
Net Assets - Ending	\$ -			12,392,521	39,314	12,431,835

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

**FUND FINANCIAL STATEMENTS – B**

LITTLE SILVER SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 1,803,208		3	1,803,211
Due from Other Funds	16,701			16,701
Receivables from Other Governments	75,959	21,622		97,581
Total Assets	<u>\$ 1,895,868</u>	<u>21,622</u>	<u>3</u>	<u>1,917,493</u>
<b><u>Liabilities and Fund Balance</u></b>				
Liabilities:				
Interfund Payable	\$ -	16,701		16,701
Deferred Revenue	5,865	4,921		10,786
Total Liabilities	<u>5,865</u>	<u>21,622</u>	<u>-</u>	<u>27,487</u>
Fund Balance:				
Reserved for:				
Encumbrances	47,389			47,389
Legally Restricted - Designated for Subsequent Years Expenditures - Excess Surplus	600,441			600,441
Emergency Reserve	40,444			40,444
Maintenance Reserve	40,000			40,000
Capital Reserve Account	543,214			543,214
Excess Surplus	368,237			368,237
Unreserved, Reported In:				
General Fund	250,278			250,278
Debt Service Fund			3	3
Total Fund Balances	<u>1,890,003</u>	<u>-</u>	<u>3</u>	<u>1,890,006</u>
Total Liabilities and Fund Balance	<u>\$ 1,895,868</u>	<u>21,622</u>	<u>3</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 \$23,723,981 and the accumulated depreciation is \$4,604,341.

19,119,640

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)

(8,617,125)

Net assets of governmental activities

\$ 12,392,521

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

LITTLE SILVER 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>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
Local Tax Levy	\$10,027,707		927,165	10,954,872
Tuition	1,133			1,133
Transportation Fees	48,578			48,578
Interest Earned	19,032			19,032
Miscellaneous	39,296			106,090
Total Local Sources	<u>10,135,746</u>	<u>66,794</u>	<u>927,165</u>	<u>11,129,705</u>
State Sources	1,189,068	8,411		1,197,479
Federal Sources	240,940			240,940
Total Revenues	<u>11,324,814</u>	<u>316,145</u>	<u>927,165</u>	<u>12,568,124</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	3,821,825			3,821,825
Special Education Instruction	915,692	185,165		1,100,857
Other Special Instruction	163,266			163,266
Other Instruction	74,417			74,417
Support Services and Undistributed Costs:				
Tuition	93,294			93,294
Student and Instruction Related Services	1,328,048	129,542		1,457,590
School Administrative Services	409,651			409,651
Other Administrative Services	736,062			736,062
Plant Operations and Maintenance	1,080,161			1,080,161
Pupil Transportation	289,030			289,030
Unallocated Benefits	2,368,332			2,368,332
Debt Service:				
Principal			608,842	608,842
Interest and Other Charges			363,379	363,379
Capital Outlay	110,755	1,438		112,193
Total Expenditures	<u>11,390,533</u>	<u>316,145</u>	<u>972,221</u>	<u>12,678,899</u>

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

LITTLE SILVER 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	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(65,719)	-	(45,056)	(110,775)
Net Change in Fund Balances	(65,719)	-	(45,056)	(110,775)
Fund Balance - July 1	1,955,722		45,059	2,000,781
Fund Balance - June 30	\$ 1,890,003	-	3	1,890,006

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

LITTLE SILVER 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)		\$ (110,775)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(432,778)	
Capital Outlays	<u>112,193</u>	
		(320,585)
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.		608,842
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.		
Compensated Absences		(5,623)
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. The accrued interest is an addition in the reconciliation.		<u>6,564</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 178,423</u></u>

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 17,962
Total Current Assets	<u>17,962</u>
Noncurrent Assets:	
Equipment	50,936
Less: Accumulated Depreciation	<u>(29,584)</u>
Total Noncurrent Assets	<u>21,352</u>
Total Assets	<u>\$ 39,314</u>
<b><u>Net Assets</u></b>	
Investment in Capital Assets	\$ 21,352
Unrestricted	<u>17,962</u>
Total Net Assets	<u>\$ 39,314</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
Operating Expenses:	
Miscellaneous	\$ 101
Depreciation	2,241
Total Operating Expenses	<u>2,342</u>
Operating (Loss)/Profit	<u>(2,342)</u>
Change in Net Assets	(2,342)
Adjustment for Net Assets	2,000
Net Assets, July 1	<u>39,656</u>
Net Assets, June 30	<u><u>\$ 39,314</u></u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Payments to Suppliers	\$ (4,885)
Net Cash Used by Operating Activities	<u>(4,885)</u>
Cash Flows from Financing Activities:	
Purchase of Equipment	(10,175)
Net Cash Used by Financing Activities	<u>(10,175)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(15,060)
Cash and Cash Equivalents July 1	<u>33,022</u>
Cash and Cash Equivalents June 30	<u>\$ 17,962</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (2,342)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	2,241
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payables	<u>(4,784)</u>
Net Cash Used by Operating Activities	<u>\$ (4,885)</u>

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

**LITTLE SILVER SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET ASSETS**

Exhibit B-7

**FIDUCIARY FUNDS**

**JUNE 30, 2010**

	<b><u>Unemployment Compensation Trust</u></b>
Assets:	
Cash and Cash Equivalents	\$ 73,198
Total Assets	<u>\$ 73,198</u>
Net Assets:	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 73,198</u>
Total Net Assets	<u>\$ 73,198</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Investment Earnings:	
Interest	1,128
Total Investment Earnings	<u>1,128</u>
Total Additions	<u>1,128</u>
<b><u>Deductions</u></b>	
Unemployment Claims	46,607
Total Deductions	<u>46,607</u>
Change in Net Assets	(45,479)
Net Assets - Beginning of Year	<u>118,677</u>
Net Assets - End of the Year	<u>\$ 73,198</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**LITTLE SILVER 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 Little Silver 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 two elementary schools located in Little Silver Borough. 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.

The District is part of Red Bank Regional for high school students.

**B. Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

**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. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

**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.

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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.

**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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****D. Fund Accounting (Continued):****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. 6:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant, except for adjustments due to a reduction in state aid.

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.

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.

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and 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.

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 11,331,588	317,710
Difference-budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that Encumbrances are recognized as expenditures, and the Related revenue is recognized		(1,565)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	45,457	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(52,231)	
Total Revenues (GAAP Basis)	<u>\$ 11,324,814</u>	<u>316,145</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,390,533	317,710
Differences-budget to GAAP:		
Encumbrances for supplies and equipment ordered but not Received are reported in the year the order is placed for Budgetary purposes, but in the year the supplies are Received for financial reporting purposes		(1,565)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 11,390,533</u>	<u>316,145</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)****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.

**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.

Capital assets purchased with a historical cost of \$2,000 or more. Accumulated depreciation and book values were also provided. 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

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

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>Adjust.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:					
Capital Assets that are					
Not Being Depreciated:					
Land	\$ 5,297,900	_____	_____	_____	5,297,900
Total	<u>5,297,900</u>	_____	_____	_____	<u>5,297,900</u>
Depreciable Assets:					
Site Improvements	384,684				384,684
Buildings and Sites	16,038,038	443,716			16,481,754
Machinery & Equipment	1,505,418	54,225			1,559,643
Total	<u>17,928,140</u>	<u>497,941</u>	_____	_____	<u>18,426,081</u>
Less: Accumulated					
Depreciation:					
Site Improvements	(138,710)	(21,221)			(159,931)
Buildings and Sites	(2,900,102)	(344,983)			(3,245,085)
Machinery & Equipment	(1,132,751)	(66,574)	_____	_____	(1,199,325)
Total Accumulated					
Depreciation	<u>(4,171,563)</u>	<u>(432,778)</u>	_____	_____	<u>(4,604,341)</u>
Total Capital Assets Being					
Depreciated, net of					
Accumulated Depreciation	<u>13,756,577</u>	<u>65,163</u>	_____	_____	<u>13,821,740</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 19,054,477</u>	<u>65,163</u>	_____	_____	<u>19,119,640</u>
Business-type Activities:					
Equipment	\$ 38,761	12,175			50,936
Less: Accumulated					
Depreciation for:					
Equipment	<u>(27,343)</u>	<u>(2,241)</u>	_____	_____	<u>(29,584)</u>
Business-type Activities					
Capital Assets, net	<u>\$ 11,418</u>	<u>9,934</u>	_____	_____	<u>21,352</u>
Depreciation expense was charged in governmental functions as follows:					
Unallocated					<u>\$ 432,778</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)****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 general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2010. 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 10).

**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.

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

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:

	<b>Cash and Cash</b>
	<b><u>Equivalents</u></b>
Checking/Money Market Accounts	<u>\$ 1,976,776</u>

During the period ended June 30, 2010, the District held investments in the form of a money market account. The carrying amount of the District's cash and cash equivalents at June 30, 2010 was \$1,976,776 and the bank balance was \$2,189,205. Of the bank balance, \$122,679 was covered by federal depository insurance and \$2,066,526 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Credit Risk Categories**

FDIC	\$ 122,679
GUPDA	2,066,526

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

**NOTE 3: General Long-Term Debt**

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Long-Term</u> <u>Portion</u>	<u>2010-11</u> <u>Payment</u>
Compensated Absences Payable	\$ 113,132	32,558	(26,935)	118,755	118,755	
Loans	459,212		(91,842)	367,370	275,528	91,842
Bonds Payable	<u>8,648,000</u>	<u>          </u>	<u>(517,000)</u>	<u>8,131,000</u>	<u>7,561,000</u>	<u>570,000</u>
	<u>\$ 9,220,344</u>	<u>32,558</u>	<u>(635,777)</u>	<u>8,617,125</u>	<u>7,955,283</u>	<u>661,842</u>

**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. The bonds were issued 4/1/02 at interest rates from 4.75% to 5.00% maturing 3/1/22. These bonds were refinanced on 5/26/05 by \$7,021,000 maturing on 3/1/11 with a balance of \$425,000 at June 30, 2010.

Refunding bonds were sold on 5/1/05 for \$7,475,000 at interest from 3.00% to 4.250% maturing 3/1/22 with a balance of \$7,255,000 at June 30, 2010.

Refunding bonds were sold on 4/3/06 to fund MCIA loans of \$958,000 for \$965,000 at interest from 4.00% to 5.00% maturing 6/15/14 with a balance of \$451,000 at June 30, 2010.

**Refunding Bonds**

Pursuant to an Escrow Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the School District and Wachovia Bank, National Association, Morristown, New Jersey ("Escrow Agent"), the School District will irrevocably deposit direct non-callable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the principal or redemption price of and interest on the Refunded Bonds.

Refunding bonds were issued 4/3/06 to fund an MCIA Pooled loan the proceeds of \$968,000 which were used to pay off the outstanding loan of \$958,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011	\$ 570,000	334,086	904,086
2012	578,000	308,619	886,619
2013	651,000	286,113	937,113
2014	642,000	260,250	902,250
2015	730,000	233,450	963,450
2015-2019	3,575,000	725,200	4,300,200
2020-2022	<u>1,385,000</u>	<u>84,520</u>	<u>1,469,520</u>
	<u>\$ 8,131,000</u>	<u>2,232,238</u>	<u>10,363,238</u>

**B. Loans Payable – NJEDA**

The loan payable is a school facilities loan, which is administered by and payable to the New Jersey Economic Development Authority. The loan is for construction, renovation and improvement to the Point Road and Markham Place schools at 1.50% interest maturing 7/15/13, with a balance of \$367,370 at June 30, 2010.

Principal and interest due on loans outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011	\$ 91,842	4,822	96,664
2012	91,842	3,444	95,286
2013	91,842	2,066	93,908
2014	<u>91,844</u>	<u>689</u>	<u>92,533</u>
	<u>\$ 367,370</u>	<u>11,021</u>	<u>378,391</u>

This is a loan payable that is secured by bonds issued by the Monmouth County Improvement Authority as part of its Pooled Governmental Loan Program. The loan is for construction, renovation and improvement to the Point Road and Markham Place schools.

**C. Bonds Authorized but not Issued**

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

**D. Capital Leases Payable:**

There were no capital leases outstanding.

**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 \$350,487 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 \$429,901 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.

The District's contributions to PERS for the years ended June 30, 2010, 2009 and 2008 were \$100,938, \$79,476 and \$52,755 respectively, equal to the required contributions for each year.

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

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/10	\$ 350,487	100%	0
6/30/09	322,294	100%	0
6/30/08	858,744	100%	0

**NOTE 4: Pension Plans (Continued)**

<b>Year</b>	<b><u>Three-Year Trend Information for PERS</u></b>		
	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/10	\$ 100,938	100%	0
6/30/09	79,476	100%	0
6/30/08	52,755	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: 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.

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

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

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

**NOTE 7: Capital Reserve Account**

A capital Reserve account was established by the Borough of Little Silver 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	\$ 438,652
Interest Earnings	4,562
Transfer from Revenue	<u>100,000</u>
Ending Balance, June 30, 2010	<u>\$ 543,214</u>

**NOTE 8: Risk Management**

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

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

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due 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 year and previous year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2009-2010	\$ 1,128	46,607	73,198
2008-2009	12,230	7,740	118,677
2007-2008	7,497	3,210	114,187

**NOTE 9: Contingent Liabilities**

The Board is not involved in any claims or lawsuits incidental to its operations as of June 30, 2010, and as such, no known contingent liabilities.

**NOTE 10: Fund Balance Appropriated**

**General Fund** – Of the \$1,942,234 General Fund balance at June 30, 2010, \$543,214 has been reserved in the Capital Reserve Account, \$47,389 is reserved for encumbrances, \$600,441 is excess surplus designated for subsequent expenditures, \$368,237 is excess surplus, \$40,444 is for emergency reserve, \$40,000 is for maintenance reserve; and \$302,509 is unreserved and undesignated.

**NOTE 11: Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 C73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30<sup>th</sup> if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is \$368,237.

**2% Calculation of Excess Surplus**

2009-10 Total General Fund Expenditures Per the CAFR	\$ 11,390,533
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(780,388)</u>
Adjusted 2009-10 General Fund Expenditures	<u>\$ 10,610,145</u>
2% of Adjusted 2009-10 General Fund Expenditures	<u>\$ 212,203</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>52,509</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 302,509</u>
<b><u>Section 2</u></b>	
Total General Fund – Fund Balance @ 6-30-10	\$ 1,942,234
Decreased by:	
Reserved for Encumbrances	(47,389)
Designated for Subsequent Years Expenditures – Excess Surplus	(600,441)
Other Reserves	<u>(623,658)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 670,746</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 368,237</u>

**NOTE 11: Calculation of Excess Surplus (Continued)****Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Year’s Expenditures	\$ 600,441
Excess Surplus	<u>368,237</u>
	<u>\$ 968,678</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 44,207
Non-Public Transportation	<u>8,302</u>
	<u>\$ 52,509</u>

**Detail of Other Reserved Fund Balance**

Emergency Reserve	\$ 40,444
Maintenance Reserve	40,000
Capital Reserve	<u>543,214</u>
Total Other Reserved Fund Balance	<u>\$ 623,658</u>

**NOTE 12: Interfund Balances and Transfers**

	<u>From</u>	<u>To</u>
General Fund	\$	16,701
Special Revenue	<u>16,701</u>	_____
	<u>\$ 16,701</u>	<u>16,701</u>

**NOTE 13: 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 October 21, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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	\$ 10,027,707		10,027,707	10,027,707	-
Tuition				1,133	1,133
Interest Earned on Investments	500		500	19,032	18,532
Transportation Fees	49,844		49,844	48,578	(1,266)
Miscellaneous	40,670		40,670	39,295	(1,375)
Total Local Sources	<u>10,118,721</u>	<u>-</u>	<u>10,118,721</u>	<u>10,135,745</u>	<u>17,024</u>
State Sources:					
Special Education Aid	400,491		400,491	260,320	(140,171)
Security Aid	55,516		55,516	36,085	(19,431)
Transportation Aid	66,294		66,294	43,091	(23,203)
Extraordinary Aid	23,450		23,450	67,657	44,207
Non Public Transportation Aid			-	8,302	8,302
TPAF Pension (On Behalf-Non-Budgeted)			-	350,487	350,487
TPAF Social Security (Reimbursed - Non-Budgeted)			-	429,901	429,901
Total State Sources	<u>545,751</u>	<u>-</u>	<u>545,751</u>	<u>1,195,843</u>	<u>650,092</u>
Total Revenues	<u>10,664,472</u>	<u>-</u>	<u>10,664,472</u>	<u>11,331,588</u>	<u>667,116</u>

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 2 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	116,232	3,528	119,760	119,760	-
Grades 1-5 - Salaries of Teachers	1,920,771	60,513	1,981,284	1,977,855	3,429
Grades 6-8 - Salaries of Teachers	1,471,171	48,579	1,519,750	1,519,750	-
Regular Programs - Undistributed Instruction:					
Purchased Professional Educational Services	1,600		1,600	450	1,150
Purchased Technical Services	14,350	(75)	14,275	10,008	4,267
Other Purchased Services (400-500 Series)	1,050	(950)	100	45	55
General Supplies	201,100	(2,955)	198,145	186,943	11,202
Textbooks	44,417	(4,233)	40,184	4,152	36,032
Other Objects	16,510	(6,535)	9,975	1,264	8,711
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500	(1,375)	1,125	818	307
Purchased Professional Educational Services		1,300	1,300	780	520
Total Regular Programs - Instruction	<u>3,789,701</u>	<u>97,797</u>	<u>3,887,498</u>	<u>3,821,825</u>	<u>65,673</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	119,410	2,316	121,726	121,726	-
Other Salaries for Instruction	18,240	(8,616)	9,624	8,683	941
General Supplies	2,100	215	2,315	1,512	803
Total Learning and/or Language Disabilities	<u>139,750</u>	<u>(6,085)</u>	<u>133,665</u>	<u>131,921</u>	<u>1,744</u>

LITTLE SILVER SCHOOL DISTRICT  
GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Resource Room/Resource Center:					
Salaries of Teachers	655,317	(80,532)	574,785	560,199	14,586
Other Salaries for Instruction	161,034	2,825	163,859	153,639	10,220
General Supplies	5,800	147	5,947	4,348	1,599
Total Resource Room/Resource Center	<u>822,151</u>	<u>(77,560)</u>	<u>744,591</u>	<u>718,186</u>	<u>26,405</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	56,845		56,845	51,615	5,230
Other Salaries for Instruction	34,877	(6,681)	28,196	13,025	15,171
General Supplies	550	651	1,201	945	256
Total Pre-School Handicapped	<u>92,272</u>	<u>(6,030)</u>	<u>86,242</u>	<u>65,585</u>	<u>20,657</u>
Total Special Education - Instruction	<u>1,054,173</u>	<u>(89,675)</u>	<u>964,498</u>	<u>915,692</u>	<u>48,806</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	118,161	43,167	161,328	161,328	-
General Supplies	4,499		4,499	1,844	2,655
Total Basic Skills/Remedial - Instruction	<u>122,660</u>	<u>43,167</u>	<u>165,827</u>	<u>163,172</u>	<u>2,655</u>
Bilingual Education-Instruction:					
General Supplies	550	100	650	94	556
Total Bilingual Education-Instruction	<u>550</u>	<u>100</u>	<u>650</u>	<u>94</u>	<u>556</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	36,279	2,377	38,656	29,818	8,838
Purchased Professional Educational Services	800	75	875	700	175
Supplies and Materials	5,930	563	6,493	1,888	4,605
Other Objects	350		350	316	34
Total School Sponsored Co-Curricular	<u>43,359</u>	<u>3,015</u>	<u>46,374</u>	<u>32,722</u>	<u>13,652</u>

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 4 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
School Sponsored Athletics - Instruction					
Salaries	32,859		32,859	29,247	3,612
Purchased Services (300-500 Series)	6,000		6,000	5,720	280
Supplies and Materials	9,638	(2,377)	7,261	5,438	1,823
Other Objects	2,000		2,000	1,290	710
Total School Sponsored Athletics - Instruction	<u>50,497</u>	<u>(2,377)</u>	<u>48,120</u>	<u>41,695</u>	<u>6,425</u>
Total Instruction	<u>5,060,940</u>	<u>52,027</u>	<u>5,112,967</u>	<u>4,975,200</u>	<u>137,767</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEA'S within The State					
Special	95,925	(40,386)	55,539	47,480	8,059
Tuition to Private School for Handicapped					
Within State	112,160	(26,511)	85,649	45,814	39,835
Total Undistributed Expenditures-Instruction	<u>208,085</u>	<u>(26,511)</u>	<u>141,188</u>	<u>93,294</u>	<u>47,894</u>
Undistributed Expenditures-Attendance and Social Work:					
Salaries	400		400		400
Undistributed Expenditures-Health:					
Salaries	141,584	1,167	142,751	142,323	428
Purchased Professional and Technical Services	7,500	(1,127)	6,373	4,400	1,973
Supplies and Materials	4,028	(100)	3,928	1,954	1,974
Other Objects		1,227	1,227		1,227
Total Undistributed Expenditures-Health:	<u>153,112</u>	<u>1,167</u>	<u>154,279</u>	<u>148,677</u>	<u>5,602</u>

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 5 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Undistributed Expenditures-Other Sup. Serv. Students - Related Serv.:					
Salaries	210,285	934	211,219	209,624	1,595
Purchased Professional Services	33,605	(12,331)	21,274	16,190	5,084
Supplies and Materials	3,500		3,500	1,855	1,645
Total Undistributed Expenditures-Other Sup. Serv. Students-Related Serv.	247,390	(11,397)	235,993	227,669	8,324
Undistributed Expenditures-Other Sup. Serv. Students-Extra Serv.					
Salaries	23,903	5,414	29,317	29,317	-
Purchased Professional Services	5,000	4,148	9,148	7,832	1,316
Total Undistributed Expenditures-Other Supp. Serv. Students - Reg.:	28,903	9,562	38,465	37,149	1,316
Undistributed Expenditures-Other Supp. Serv. Students - Reg.:					
Salaries of Other Professional Staff	117,295	157	117,452	114,847	2,605
Other Purchased Prof. And Tech. Services	2,940	15,530	18,470	14,970	3,500
Supplies and Materials	8,432		8,432	7,316	1,116
Total Undistributed Expenditures-Other Supp. Serv. Students - Spec. Serv.:	128,667	15,687	144,354	137,133	7,221
Undistributed Expenditures-Other Sup. Serv. Students - Spec. Serv.:					
Salaries of Other Professional Staff	355,000	(10,384)	344,616	344,616	-
Salaries-Secr. And Clerical Assist.	33,840	3,160	37,000	36,866	134
Purchased Professional Services	1,000	5,500	6,500	5,875	625
Other Purchased Prof. And Tech. Services	17,287	13,417	30,704	30,444	260
Supplies and Materials	2,950	(450)	2,500	932	1,568
Other Objects	3,500		3,500	1,654	1,846
Total Undistributed Expenditures-Other Sup. Serv. Students-Spec. Serv.:	413,577	11,243	424,820	420,387	4,433

LITTLE SILVER SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Undistributed Expenditures-Improvement of Inst. Serv.:					
Salaries-Supervisor of Instruction	90,200	450	90,650	90,650	-
Salaries - Other Professional Staff	7,830		7,830	7,440	390
Salaries-Secr. And Clerical Assist.	8,840	3,160	12,000	12,000	-
Purchased Professional Services	5,000	(756)	4,244	4,244	-
Supplies and Materials	1,500	15	1,515	1,471	44
Other Objects	1,100	(236)	864	864	-
Total Undistributed Expenditures-Improvement of Inst. Serv.:	114,470	2,633	117,103	116,669	434
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	144,518	5,582	150,100	150,100	-
Purchased Professional-Educational Services	1,600	2,405	4,005	4,005	-
Supplies and Materials	25,311	(1,000)	24,311	23,822	489
Total Undistributed Expenditures - Edu. Media Serv./ School Library	171,429	6,987	178,416	177,927	489
Undistributed Expenditures - Instr. Staff Training Serv:					
Salaries of Supervisors of Instruction	19,800		19,800	19,800	-
Salaries of Other Professional Staff	20,515		20,515	20,237	278
Salaries-Other	13,350		13,350	8,085	5,265
Purchased Professional-Educational Services	6,500	(573)	5,927	3,527	2,400
Other Purchased Professional and Techn. Services	10,000	496	10,496	10,076	420
Other Purchased Services	4,000	(2,934)	1,066	66	1,000
Other Objects	1,000	(354)	646	646	-
Total Undistributed Expenditures - Instructional Staff Training Serv.	75,165	(3,365)	71,800	62,437	9,363

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 7 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	214,662	665	215,327	215,327	-
Legal Services	35,000	51,600	86,600	86,600	-
Audit Fees	9,300		9,300	9,300	-
Other Purchased Professional Services	15,985	1,342	17,327	17,327	-
Purchased Technical Services	3,700	(3,375)	325	325	-
Communications/Telephone	41,900	(2,471)	39,429	33,251	6,178
BOE Other Purchased Services	600	(576)	24	24	24
Other Purchased Services	28,464	(443)	28,021	27,772	249
Supplies and Materials	4,000	199	4,199	4,063	136
Miscellaneous	11,500	919	12,419	12,189	230
BOE Membership Dues and Fees	7,200	(600)	6,600	6,587	13
<b>Total Undistributed Expenditures - Supp. Serv.</b>	<b>372,311</b>	<b>47,260</b>	<b>419,571</b>	<b>412,741</b>	<b>6,830</b>
General Administration					
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	235,000	650	235,650	235,650	-
Salaries of Secretarial/Clerical Assistants	143,530	8,725	152,255	152,255	-
Other Salaries	5,200	222	5,422	5,422	
Purchased Professional services	4,000	(384)	3,616	1,818	1,798
Other Purchased Services	1,500	(450)	1,050	22	1,028
Supplies and Materials	15,925	1,061	16,986	11,430	5,556
Other Objects	3,539		3,539	3,054	485
<b>Total Undistributed Expend.-Supp. Serv.-School Admin.</b>	<b>408,694</b>	<b>9,824</b>	<b>418,518</b>	<b>409,651</b>	<b>8,867</b>

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 8 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Undistributed Expenditures-Central Services:					
Salaries	200,763	(393)	200,370	187,179	13,191
Purchased Professional Services	14,100	1,160	15,260	13,190	2,070
Purchased Technical Services	6,000	(1,160)	4,840	3,170	1,670
Miscellaneous Purchased Services	8,000	785	8,785	8,168	617
Supplies and Materials	10,500		10,500	9,670	830
Miscellaneous Expenditures	6,800	2,841	9,641	8,185	1,456
Total Undistributed Expenditures - Central Services	<u>246,163</u>	<u>3,233</u>	<u>249,396</u>	<u>229,562</u>	<u>19,834</u>
Undistributed Expenditures-Admin. Information Technology:					
Salaries of Other Professional Staff	59,585	(1,500)	58,085	58,013	72
Purchased Professional Services	27,700	4,284	31,984	30,749	1,235
Other Purchased Services	1,775	(1,775)	-	-	-
Supplies and Materials	6,400	1,513	7,913	4,997	2,916
Total Undistributed Expenditures-Admin. Info. Technology	<u>95,460</u>	<u>2,522</u>	<u>97,982</u>	<u>93,759</u>	<u>4,223</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	59,200	(1,785)	57,415	51,084	6,331
Cleaning, Repair and Maintenance Services	110,650	22,914	133,564	128,502	5,062
Supplies and Materials	20,000	480	20,480	20,480	-
Other Objects	5,150	1,837	6,987	6,987	-
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>195,000</u>	<u>23,446</u>	<u>218,446</u>	<u>207,053</u>	<u>11,393</u>

LITTLE SILVER SCHOOL DISTRICT  
GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	357,860	(17,458)	340,402	337,428	2,974
Cleaning, Repair and Maintenance Service	80,920	(2,517)	78,403	71,678	6,725
Purchased Professional Technical Services	15,300	6,662	21,962	21,717	245
Rental of Land & Bldg. Other than Lease Purch.	5,000		5,000		5,000
Other Purchased Property Services	30,000	1,700	31,700	31,299	401
Insurance	49,176	(4,866)	44,310	43,436	874
Natural Gas	112,000		112,000	87,238	24,762
General Supplies	49,875	1,269	51,144	47,864	3,280
Energy (Energy & Electricity)	251,000	(7,700)	243,300	195,899	47,401
Other Objects	2,232	10	2,242	2,242	-
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	953,363	(22,900)	930,463	838,801	91,662
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	1,148,363	546	1,148,909	1,045,854	103,055
Care and Upkeep of Grounds:					
Salaries	22,500	(2,127)	20,373	20,000	373
Cleaning Repair and Maintenance Services	5,000		5,000	5,000	-
General Supplies	2,000		2,000	2,000	-
Total care and Upkeep of Grounds	29,500	(2,127)	27,373	27,000	373
Security:					
Cleaning Repair and Maintenance Services	8,500	(500)	8,000	7,255	745
General Supplies	1,500	(1,000)	500	52	448
Total Security	10,000	(1,500)	8,500	7,307	1,193

LITTLE SILVER SCHOOL DISTRICT  
GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

Exhibit C-1  
 Sheet 10 of 12

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Student Transportation Serv:					
Salaries-Non-Instructional Aides	14,558	(2,193)	12,365	12,365	-
Salaries-(Between Home & Sch.)-Reg	6,816	2472	9,288	9,288	-
Contr. Serv. (Bet. Home & Sch.)-Vendors	83,328		83,328	82,866	462
Contr. Serv. (Other than Bet. Home & Sch.)-Vendors	17,000	3,959	20,959	20,959	-
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	50,899	3,686	54,585	54,585	-
Contr. Serv. (Sp. Ed. Stds.) - ESCs & CTSA's	135,500	(23,193)	112,307	94,470	17,837
Cont. Serv.- Aid In Lieu-Non Pub Sch	27,420	(211)	27,209	14,497	12,712
Total Undistributed Expenditures - Student Transportation Serv.	335,521	(15,480)	320,041	289,030	31,011
Unallocated Benefits:					
Group Insurance	5,000	1,491	6,491	5,402	1,089
Social Security Contributions - T.P.A.F.	145,600		145,600	119,696	25,904
Other Retirement Contributions - Regular	88,437	12,501	100,938	100,938	-
Workmen's Compensation	91,744	(1,500)	90,244	86,323	3,921
Health Benefits	1,358,137	(119,283)	1,238,854	1,238,854	-
Tuition Reimbursement	23,500	22,027	45,527	36,731	8,796
Other Employee Benefits	13,500	(13,500)	-	-	-
Total Unallocated Benefits	1,725,918	(98,264)	1,627,654	1,587,944	39,710
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	350,487	(350,487)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	429,901	(429,901)
Total On-Behalf Contributions	-	-	-	780,388	(780,388)
Total Undistributed Expenditures	5,913,128	(47,980)	5,824,762	6,304,578	(479,816)

LITTLE SILVER SCHOOL DISTRICT

Exhibit C-1  
Sheet 11 of 12

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Total Current Expense	10,974,068	4,047	10,937,729	11,279,778	(342,049)
Capital Outlay:					
Interest Deposit to Capital Reserve	500		500		500
Regular Programs - Instruction:					
Undistributed		5,431	5,431	5,431	-
Oper/Maint-Plant Services		29,876	29,876	29,491	385
Facilities, Acquisition & Construction Services:					
Construction Services		91,993	91,993	75,833	16,160
Total Capital Outlay	500	127,300	127,800	110,755	17,045
Total Expenditures	10,974,568	131,347	11,065,529	11,390,533	(325,004)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(310,096)	(131,347)	(401,057)	(58,945)	342,112
Fund Balance July 1	2,001,179		2,001,179	2,001,179	
Fund Balance June 30	\$ 1,691,083	(131,347)	1,600,122	1,942,234	342,112

LITTLE SILVER SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

BUDGET AND ACTUAL

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>
Recapitulation:					
Reserve for Encumbrances				\$ 47,389	
Excess Surplus				600,441	
Maintenance Reserve				40,000	
Capital Reserve				543,214	
Emergency Reserve				40,444	
Unrestricted Fund Balance				302,509	
Unrestricted Fund Balance - Designated for Subsequent Year's Expenditures				<u>368,237</u>	
				<u>1,942,234</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(52,231)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,890,003</u>	

LITTLE SILVER 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		66,794	66,794	66,794	-
State Sources	15,060	(6,649)	8,411	8,411	-
Federal Sources	174,301	68,204	242,505	242,505	-
Total Revenues	<u>\$ 189,361</u>	<u>128,349</u>	<u>317,710</u>	<u>317,710</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	70,000	625	70,625	70,625	-
Purchased Professional Educational Services	15,060	(1,649)	13,411	13,411	-
Other Purchased Services		50,000	50,000	50,000	
General Supplies	50,000	2,694	52,694	52,694	-
Total Instruction	<u>135,060</u>	<u>51,670</u>	<u>186,730</u>	<u>186,730</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits		1,433	1,433	1,433	-
Purchased Professional Educational Services	54,301	72,200	126,501	126,501	-
Other Purchased Services (400-500 series)		970	970	970	-
General Supplies		638	638	638	-
Total Support Services	<u>54,301</u>	<u>75,241</u>	<u>129,542</u>	<u>129,542</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Equipment		1,438	1,438	1,438	-
Total Expenditures	<u>\$ 189,361</u>	<u>128,349</u>	<u>317,710</u>	<u>317,710</u>	<u>-</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

LITTLE SILVER SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET TO GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 11,331,588	317,710
Difference-budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(1,565)
State Aid Payment Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes.	45,457	
State Aid Payment Recognized for Budgetary Purposes, Not Recognized for GAAP Statements Until the Subsequent Year.	<u>(52,231)</u>	
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 11,324,814</u>	<u>316,145</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 11,390,533	317,710
Differences-budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		<u>(1,565)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,390,533</u>	<u>316,145</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

LITTLE SILVER SCHOOL DISTRICT

Exhibit E-1  
Sheet 1 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Title IIA</u>	<u>Title IV</u>	<u>I.D.E.A. - Part B</u>	
			<u>Basic</u>	<u>Preschool</u>
Revenues:				
State Sources	\$ -			
Federal Sources	21,478	1,033	179,128	5,583
Local Sources				
Total Revenues	<u>\$ 21,478</u>	<u>1,033</u>	<u>179,128</u>	<u>5,583</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 11,067		45,000	5,458
Purchased Professional Educational Services				
Other Purchased Services			50,000	
General Supplies				
Total Instruction	<u>11,067</u>	<u>-</u>	<u>95,000</u>	<u>5,458</u>
Support Services:				
Personal Services - Employee Benefits	261		1,047	125
Purchased Professional Educational Services	10,150		82,506	
Other Purchased Services		395	575	
General Supplies		638		
Total Support Services	<u>10,411</u>	<u>1,033</u>	<u>84,128</u>	<u>125</u>
Facilities Acquisition and Construction Services:				
Equipment				
Total Expenditures	<u>\$ 21,478</u>	<u>1,033</u>	<u>179,128</u>	<u>5,583</u>

LITTLE SILVER SCHOOL DISTRICT

Exhibit E-1  
Sheet 2 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ARRA I.D.E.A. Basic	ARRA I.D.E.A. Preschool	193 Non-Public Speech	Non-Public Nursing Services
Revenues:				
State Sources	-			2,134
Federal Sources	33,845	1,438	6,277	
Local Sources				
Total Revenues	<u>33,845</u>	<u>1,438</u>	<u>6,277</u>	<u>2,134</u>
Expenditures:				
Instruction:				
Salaries of Teachers	-			2,134
Purchased Professional Educational Services			6,277	
Other Purchased Services				
General Supplies				
Total Instruction	<u>-</u>	<u>-</u>	<u>6,277</u>	<u>2,134</u>
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional Educational Services	33,845			
Other Purchased Services				
General Supplies				
Total Support Services	<u>33,845</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services:				
Equipment		1,438		
Total Expenditures	<u>33,845</u>	<u>1,438</u>	<u>6,277</u>	<u>2,134</u>

LITTLE SILVER SCHOOL DISTRICT

Exhibit E-1  
Sheet 3 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>PTO Donation</u>	<u>EFLS</u>	<u>Safety Grant</u>	<u>Pride Grant</u>	<u>DDMS</u>	<u>Totals 2010</u>
Revenues:						
State Sources	-					8,411
Federal Sources		47,869	2,160	100	14,100	242,505
Local Sources	2,565					66,794
Total Revenues	<u>2,565</u>	<u>47,869</u>	<u>2,160</u>	<u>100</u>	<u>14,100</u>	<u>317,710</u>
Expenditures:						
Instruction:						
Salaries of Teachers					9,100	70,625
Purchased Professional Educational Services					5,000	13,411
Other Purchased Services						50,000
General Supplies	2,565	47,869	2,160	100		52,694
Total Instruction	<u>2,565</u>	<u>47,869</u>	<u>2,160</u>	<u>100</u>	<u>14,100</u>	<u>186,730</u>
Support Services:						
Personal Services - Employee Benefits						1,433
Purchased Professional Educational Services						126,501
Other Purchased Services						970
General Supplies						638
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,542</u>
Facilities Acquisition and Construction Services:						
Equipment						1,438
Total Expenditures	<u>2,565</u>	<u>47,869</u>	<u>2,160</u>	<u>100</u>	<u>14,100</u>	<u>317,710</u>

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

LITTLE SILVER SCHOOL DISTRICTSTATEMENT OF NET ASSETS

Exhibit G-1

ENTERPRISE FUNDJUNE 30, 2010

	<u>Food Services</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 17,962
Total Current Assets	<u>17,962</u>
Noncurrent Assets:	
Equipment	50,936
Less: Accumulated Depreciation	<u>(29,584)</u>
Total Noncurrent Assets	<u>21,352</u>
Total Assets	<u>\$ 39,314</u>
<b><u>Net Assets</u></b>	
Investment in Capital Assets	\$ 21,352
Unrestricted	<u>17,962</u>
Total Net Assets	<u>\$ 39,314</u>

LITTLE SILVER SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit G-2

IN FUND NET ASSETSENTERPRISE FUNDJUNE 30, 2010

	<u>Food Services</u>
Operating Expenses:	
Miscellaneous	\$ 101
Depreciation	<u>2,241</u>
Total Operating Expenses	<u>2,342</u>
Operating (Loss)/Profit	<u>(2,342)</u>
Change in Net Assets	(2,342)
Adjustment for Net Assets	2,000
Net Assets, July 1	<u>39,656</u>
Net Assets, June 30	<u><u>\$ 39,314</u></u>

STATEMENT OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
Cash Flows from Operating Activities:	
Payments to Suppliers	\$ (4,885)
Net Cash Used by Operating Activities	<u>(4,885)</u>
Cash Flows from Financing Activities:	
Purchase of Equipment	<u>(10,175)</u>
Net Cash Used by Financing Activities	<u>(10,175)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(15,060)
Cash and Cash Equivalents July 1	<u>33,022</u>
Cash and Cash Equivalents June 30	<u>\$ 17,962</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (2,342)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	2,241
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payables	<u>(4,784)</u>
Net Cash Used by Operating Activities	<u>\$ (4,885)</u>

**FIDUCIARY FUND – H**

FIDUCIARY FUNDS

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	<u>Payroll Agency</u>	<u>Student Activity</u>	<u>Unemployment Compensation Trust</u>	<u>Total 2010</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 64,165	18,240	73,198	155,603
Total Assets	<u>\$ 64,165</u>	<u>18,240</u>	<u>73,198</u>	<u>155,603</u>
<b><u>Liabilities</u></b>				
Payroll Deductions and Withdrawals	\$ 64,165			64,165
Due to Student Groups		18,240		18,240
Total Liabilities	<u>\$ 64,165</u>	<u>18,240</u>	<u>-</u>	<u>82,405</u>
<b><u>Net Assets</u></b>				
Reserved - Dedicated to Unemployment			73,198	73,198
Total Net Assets			<u>73,198</u>	<u>155,603</u>

**LITTLE SILVER SCHOOL DISTRICT**

Exhibit H-2

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

**JUNE 30, 2010**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Total</u></b>
Operating Income:		
Interest	\$ 1,128	1,128
	<u>1,128</u>	<u>1,128</u>
Expenditures:		
Claims Paid	<u>46,607</u>	<u>46,607</u>
Operating Income	<u>(45,479)</u>	<u>(45,479)</u>
Net Assets, June 30, 2009	<u>118,677</u>	<u>118,677</u>
Net Assets, June 30, 2010	<u><u>\$ 73,198</u></u>	<u><u>73,198</u></u>

LITTLE SILVER SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2010

Elementary School  
Markham Place

<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
\$ 8,431	71,031	61,222	18,240

**LITTLE SILVER SCHOOL DISTRICT**

**PAYROLL AGENCY FUND**

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

**JUNE 30, 2010**

	<b><u>Balance</u></b> <b><u>July 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2010</u></b>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	<u>\$ 41,282</u>	<u>3,248,100</u>	<u>3,225,217</u>	<u>64,165</u>
<b><u>Liabilities</u></b>				
Payroll Deductions, Withholdings and Amount Due Employees	<u>\$ 41,282</u>	<u>3,248,100</u>	<u>3,225,217</u>	<u>64,165</u>

**LONG-TERM DEBT – I**

**LITTLE SILVER SCHOOL DISTRICT**

Exhibit I-1

**LONG-TERM DEBT**

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2010**

<b><u>Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Amount of Original Issue</u></b>	<b><u>Annual Date</u></b>	<b><u>Maturities Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Beginning Balance July 1, 2009</u></b>	<b><u>Retired</u></b>	<b><u>Ending Balance June 30, 2010</u></b>
Addition to Elementary And Middle School	4-1-02	\$ 10,296,000	3-1-11	\$ 425,000	4.75%	\$ 800,000	375,000	425,000
Refunding Bonds	5-26-05	\$ 7,475,000	3-1-11	35,000	3.300%	7,290,000	35,000	7,255,000
			3-1-12	465,000	3.625%			
			3-1-13	535,000	3.750%			
			3-1-14	530,000	4.000%			
			3-1-15	730,000	4.000%			
			3-1-16	725,000	4.000%			
			3-1-17	720,000	4.125%			
			3-1-18	715,000	4.250%			
			3-1-19	710,000	4.250%			
			3-1-20	705,000	4.050%			
		3-1-21	700,000	4.050%				
		3-1-22	685,000	4.100%				
Refunding Bonds (MCIA)	4-3-06	\$ 965,000	6-15-11	110,000	3.75%	558,000	107,000	451,000
			6-15-12	113,000	5.00%			
			6-15-13	116,000	5.00%			
			6-15-14	112,000	5.00%			
						\$ 8,648,000	517,000	8,131,000

LITTLE SILVER SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2a

SCHEDULE OF LOANS PAYABLE

JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2009</u>	<u>Paid</u>	<u>Ending Balance June 30, 2010</u>
NJEDA School Facilities Loan Fund	8-19-93	\$1,745,000	7-15-10 7-15-2013	91,842	1.50%	\$ 459,212	91,842	367,370

LITTLE SILVER SCHOOL DISTRICT

Exhibit I-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

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	\$ 927,165		927,165	927,165	
Total Revenues	<u>927,165</u>	<u>-</u>	<u>927,165</u>	<u>927,165</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	363,381		363,381	363,379	2
Redemption of Principal	608,842		608,842	608,842	-
Total Expenditures	<u>972,223</u>	<u>-</u>	<u>972,223</u>	<u>972,221</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,058)	-	(45,058)	(45,056)	2
Fund Balance June 30, 2009	45,059		45,059	45,059	
Fund Balance June 30, 2010	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>3</u>	<u>2</u>

**STATISTICAL SECTION**

**(Unaudited)**

Little Silver Board of Education  
 Net Assets by Component  
 Last Four Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,			
	2007	2008	2009	2010
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 8,602,463.00	\$ 9,752,798.00	\$ 9,947,265.00	\$ 10,621,270.00
Restricted	\$ 1,045,410.00	\$ 1,768,466.00	\$ 1,748,015.00	\$ 1,639,728.00
Unrestricted	\$ 425,097.00	\$ 163,148.00	\$ 139,634.00	\$ 131,523.00
<b>Total governmental activities net assets</b>	<b>\$ 10,072,970.00</b>	<b>\$ 11,684,412.00</b>	<b>\$ 11,834,914.00</b>	<b>\$ 12,392,521.00</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 32,378.00	\$ 13,872.00	\$ 11,418.00	\$ 21,352.00
Restricted	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 29,424.00	\$ 27,945.00	\$ 28,238.00	\$ 17,962.00
<b>Total business-type activities net assets</b>	<b>\$ 61,802.00</b>	<b>\$ 41,817.00</b>	<b>\$ 39,656.00</b>	<b>\$ 39,314.00</b>
<b>District-wide</b>				
Invested in capital assets, net of related debt	\$ 8,634,841.00	\$ 9,766,670.00	\$ 9,958,683.00	\$ 10,642,622.00
Restricted	\$ 1,045,410.00	\$ 1,768,466.00	\$ 1,748,015.00	\$ 1,639,728.00
Unrestricted	\$ 454,521.00	\$ 191,093.00	\$ 167,872.00	\$ 149,485.00
<b>Total district net assets</b>	<b>\$ 10,134,772.00</b>	<b>\$ 11,726,229.00</b>	<b>\$ 11,874,570.00</b>	<b>\$ 12,431,835.00</b>

Little Silver Board of Education  
 Changes in Net Assets  
 Last Four Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2007	2008	2009
<b>Expenses</b>			
Governmental Activities			
Instruction			
Regular	\$ 3,404,529.00	\$ 3,485,213.00	\$ 3,716,283.00
Special Education	\$ 975,101.00	\$ 1,261,801.00	\$ 1,183,941.00
Other special education	\$ 115,348.00	\$ 109,543.00	\$ 118,269.00
Vocational	\$ -	\$ -	\$ -
Other instruction	\$ 67,951.00	\$ 65,643.00	\$ 77,607.00
Nonpublic school programs	\$ -	\$ -	\$ -
Support Services			
Tuition	\$ 194,365.00	\$ 204,739.00	\$ 69,040.00
Student & instruction related services	\$ 937,819.00	\$ 1,011,114.00	\$ 1,271,129.00
School Administrative services	\$ 727,287.00	\$ 387,688.00	\$ 397,030.00
General Administration	\$ 205,641.00	\$ 609,308.00	\$ 747,843.00
Plant operations and maintenance	\$ 1,063,564.00	\$ 1,039,829.00	\$ 1,058,348.00
Administrative information technology	\$ -	\$ -	\$ -
Pupil transportation	\$ 268,624.00	\$ 268,996.00	\$ 238,267.00
Other support services	\$ 2,503,341.00	\$ 2,528,880.00	\$ 2,246,932.00
Special Schools	\$ -	\$ -	\$ -
Charter Schools	\$ -	\$ -	\$ -
Interest on long-term debt	\$ 426,751.00	\$ 401,119.00	\$ 379,824.00
Unallocated depreciations	\$ 318,501.00	\$ 410,252.00	\$ 421,375.00
Total governmental activities expenses	\$ 11,208,822.00	\$ 11,784,125.00	\$ 11,925,888.00
Business-type activities			
Food service	\$ 47,827.00	\$ 127,745.00	\$ 97,585.00
Child care	\$ -	\$ -	\$ -
Total business-type activities	\$ 47,827.00	\$ 127,745.00	\$ 97,585.00
Total district expenses	\$ 11,256,649.00	\$ 11,911,870.00	\$ 12,023,473.00
<b>Program revenues</b>			
Governmental activities			
Charges for services	\$ -	\$ -	\$ -
Instruction	\$ -	\$ -	\$ -
Pupil transportation	\$ -	\$ -	\$ -
Central and other support services	\$ -	\$ -	\$ -
Operating grants and contributions	\$ 284,629.00	\$ 255,053.00	\$ 297,696.00
Capital grants and contributions	\$ -	\$ -	\$ -
Total governmental activities program revenues	\$ 284,629.00	\$ 255,053.00	\$ 297,696.00
Business-type activities			
Food service	\$ -	\$ -	\$ 2,342.00
Child care	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ 2,342.00
Total program revenues	\$ 284,629.00	\$ 255,053.00	\$ 299,038.00
Total governmental activities program revenues	\$ 284,629.00	\$ 255,053.00	\$ 299,038.00
Total district revenues	\$ 284,629.00	\$ 255,053.00	\$ 299,038.00
Total governmental activities	\$ 11,542,220.00	\$ 11,656,817.00	\$ 11,724,445.00
Total business-type activities	\$ 47,827.00	\$ 127,745.00	\$ 97,585.00
Total district revenues	\$ 11,590,047.00	\$ 11,784,562.00	\$ 11,822,030.00
Total governmental activities	\$ 11,542,220.00	\$ 11,656,817.00	\$ 11,724,445.00
Total business-type activities	\$ 47,827.00	\$ 127,745.00	\$ 97,585.00
Total district revenues	\$ 11,590,047.00	\$ 11,784,562.00	\$ 11,822,030.00





LITTLE SILVER SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Tax levy	6,579,915.00	6,850,323.00	8,010,541.00	8,545,913.00	9,533,997.00	9,993,224.00	10,483,465.00	10,852,968.00	10,772,792.00	10,954,872.00
Tuition Charges	15,100.00	22,750.00	69,333.00	46,472.00	127,233.00	158,856.00	31,265.00	-	21,022.00	1,133.00
Transportation Fees	29,206.00	35,310.00	5,232.00	2,113.00	3,514.00	6,367.00	9,343.00	43,978.00	43,106.00	1,133.00
Interest Earnings	69,196.00	46,903.00	243,978.00	333,466.00	111,152.00	218,146.00	304,283.00	57,893.00	9,214.00	19,032.00
Miscellaneous	72,824.00	54,727.00	1,042,482.00	1,188,779.00	1,183,605.00	1,424,459.00	1,802,540.00	95,951.00	182,120.00	106,090.00
State Sources	961,024.00	835,505.00	1,042,482.00	1,188,779.00	1,183,605.00	1,424,459.00	1,802,540.00	1,793,343.00	1,484,733.00	1,197,479.00
Federal Sources	125,469.00	167,928.00	174,340.00	186,210.00	201,292.00	201,788.00	198,253.00	198,031.00	11,517.00	240,940.00
Total Revenue	7,852,734.00	8,013,346.00	9,545,906.00	10,302,953.00	11,160,793.00	12,002,840.00	12,829,150.00	13,042,164.00	12,524,504.00	12,568,124.00

**General Fund Expenditures**

Instruction:										
Regular	2,997,315.00	3,175,157.00	3,200,320.00	3,341,913.00	3,633,730.00	3,761,905.00	3,397,059.00	3,551,867.00	3,681,736.00	3,821,825.00
Special	616,598.00	700,800.00	776,852.00	840,901.00	1,032,570.00	1,006,509.00	1,225,633.00	1,261,801.00	1,183,941.00	1,100,857.00
Other	108,265.00	113,120.00	90,777.00	105,255.00	137,363.00	114,470.00	115,348.00	109,543.00	118,269.00	163,266.00
School-Sponsored/Other Instructional	47,137.00	50,852.00	52,305.00	65,898.00	37,997.00	64,354.00	67,951.00	65,643.00	77,607.00	74,417.00
Support Services and Undistributed Costs:										
Tuition	267,364.00	275,045.00	363,529.00	238,979.00	230,856.00	200,160.00	194,365.00	204,739.00	69,040.00	93,294.00
Student & Instruction Related Services	625,391.00	760,219.00	704,778.00	775,342.00	834,750.00	975,247.00	944,170.00	1,011,114.00	1,271,129.00	1,457,590.00
General Administration	311,813.00	337,902.00	298,530.00	341,924.00	377,914.00	569,977.00	569,977.00	569,977.00	397,030.00	409,651.00
School Administration	289,726.00	359,383.00	312,721.00	627,961.00	350,818.00	340,483.00	727,287.00	387,688.00	527,175.00	736,062.00
Central Services					160,151.00	0	205,641.00	609,308.00	220,668.00	
Operations and Maintenance	537,409.00	514,894.00	569,064.00	650,567.00	833,969.00	1,156,671.00	1,063,564.00	1,039,829.00	873,077.00	1,080,161.00
Student Transportation	229,979.00	323,751.00	309,276.00	320,602.00	277,883.00	233,792.00	268,624.00	268,996.00	238,267.00	289,030.00
Allowable Maintenance-School Facilities		36,152.00								
Unallocated Employee Benefits	960,358.00	977,771.00	1,096,527.00	1,582,964.00	1,782,473.00	2,039,814.00	2,531,087.00	2,528,890.00	1,852,271.00	2,07,053.00
On-Behalf TPAF pension Contributions	133,520.00		226,227.00						339,188.00	350,487.00
Reimbursed TPAF Social Security	356,537.00	318,581.00	322,322.00						406,956.00	429,901.00
Capital Outlay:										
Total Capital Outlay	145,919.00	395,985.00	12,612,175.00	596,539.00	418,821.00	766,452.00	525,329.00	578,842.00	429,721.00	112,183.00
Debt Service:										
Principal	172,842.00	174,842.00	526,842.00	529,842.00	531,842.00	624,842.00	574,842.00	407,818.00	605,842.00	608,842.00
Interest and other charges	68,605.00	42,388.00	499,978.00	525,558.00	519,025.00	415,068.00	433,437.00	604,047.00	386,912.00	363,379.00
Total General Fund Expenditures	7,868,779.00	8,556,742.00	21,962,223.00	10,544,245.00	11,160,162.00	12,288,724.00	12,274,337.00	12,630,115.00	12,512,617.00	12,678,899.00

Excess (Deficiency) of revenues over (under) expenditures	(16,045.00)	(543,396.00)	(12,416,317.00)	(241,292.00)	631.00	(286,884.00)	554,813.00	412,049.00	11,887.00	(110,775.00)
Other Financing sources (uses)		2,963.00								
Prior Year's Accounts Payable Cancelled					20,797.00		15,575.00	4,421.00		
Accrued Interest on Bonds		13,881,127.00		89,269.00		2,150.00	3,282.00	1,055.00	38,451.00	
Transfers in		(23,477.00)	(163,344.00)	(103,373.00)	(29,440.00)	(17,701.00)	(16,432.00)	(23,072.00)	(60,852.00)	
Transfers Out		13,860,613.00	0	(14,104.00)	(8,643.00)	(15,551.00)	2,425.00	(17,596.00)	(22,401.00)	
Total Other Financing Sources (uses)										
Net change in fund balance	(16,045.00)	13,317,217.00	(12,416,317.00)	(255,396.00)	(8,012.00)	(302,435.00)	557,238.00	394,453.00	(10,514.00)	(110,775.00)

Debt service as a percentage of noncapital expenditures	3.13%	2.66%	10.98%	10.61%	9.78%	9.04%	8.58%	8.40%	8.22%	7.74%
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Note:  
Noncapital expenditures are total expenditures less capital outlay.  
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as business and Other Support Services.  
Source: District Records

LITTLE SILVER SCHOOL DISTRICT  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 UNAUDITED

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Admissions	2,114	2,107	-	-	-	-	-	-	-	-
Book Fines	746	-	-	-	-	-	-	-	-	-
Contributions	62,000	-	-	-	-	-	-	-	-	-
Interest	65,609	21,028	11,212	7,453	49,084	75,742	94,760	57,893	9,152	19,032
Miscellaneous	7,513	2,359	165,236	4,547	716	1,288	84,639	49,493	89,033	11,911
Polling Place Rentals	450	-	-	-	-	-	-	-	-	-
Refund Prior Year's Expenditures	-	16,008	-	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-	-	9,059	-
Transportation Fees	29,206	35,310	35,320	37,873	38,631	40,956	47,050	43,978	49,722	48,578
Tuition	15,100	22,750	66,791	49,014	127,233	158,856	31,265	-	21,022	28,233
	182,738	99,562	278,559	98,887	215,664	276,842	257,714	151,364	177,988	107,755

Source: District records

LITTLE SILVER SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ended June 30	Vacant		Residential	Farm Reg	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
	Land	Land												
1998	13,386,800	543,727,100	1,147,300	13,500	50,758,100	0	0	0	609,032,800	0	1,718,541	610,751,341	642,643,516	0.995
1999	12,904,400	555,001,100	1,147,300	13,500	51,162,300	0	0	0	620,228,600	0	1,256,676	621,485,276	672,090,363	1.008
2000	8,633,800	568,491,200	1,147,300	13,500	51,092,700	0	0	0	629,378,500	0	980,792	630,359,292	716,464,932	1.044
2001	7,232,100	573,698,800	1,147,300	13,500	51,179,200	0	0	0	633,270,900	0	925,821	634,196,721	789,280,516	1.08
2002	6,737,200	577,010,800	2,093,400	13,500	51,179,200	0	0	0	637,034,100	0	876,669	637,910,769	889,228,388	1.256
2003	8,249,100	1,123,310,000	3,476,500	15,800	82,370,200	0	0	0	1,217,421,600	0	1,297,940	1,218,719,540	1,025,047,248	0.701
2004	9,825,800	1,125,391,300	3,376,500	15,800	81,976,200	0	0	0	1,220,585,600	0	1,233,847	1,221,819,447	1,148,293,983	0.780
2005	11,932,100	1,127,214,700	3,376,500	15,800	81,976,200	0	0	0	1,224,515,300	0	1,116,203	1,225,631,503	1,299,314,885	0.815
2006	10,674,300	1,137,660,400	3,376,500	15,800	83,486,600	0	0	0	1,235,213,600	0	921,403	1,236,135,003	1,442,740,055	0.848
2007	13,882,900	1,144,025,300	3,376,500	15,800	83,976,300	0	0	0	1,245,276,800	0	921,403	1,246,314,064	1,586,968,655	0.848
2008	15,409,600	1,149,913,900	3,376,500	15,800	83,930,100	0	0	0	1,252,645,900	0	1,054,252	1,253,700,152	1,651,284,812	0.859
2009	14,215,700	1,134,855,600	3,376,500	15,800	84,643,500	0	0	0	1,237,107,100	0	1,227,857	1,238,334,957	1,690,394,643	0.885

Source: Monmouth County Tax Board

Exhibit J-7

LITTLE SILVER SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ending June 30	<u>Little Silver School District</u>			<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Red Bank Regional School District	Municipality of Little Silver	Monmouth County	
2000	0.964	0.080	1.044	0.604	0.661	0.546	2.855
2001	1.038	0.042	1.080	0.617	0.680	0.582	2.959
2002	1.086	0.170	1.256	0.616	0.709	0.617	3.198
2003	0.617	0.084	0.701	0.38	0.412	0.353	1.846
2004	0.698	0.082	0.780	0.41	0.434	0.352	1.196
2005	0.733	0.082	0.815	0.391	0.450	0.356	2.012
2006	0.769	0.079	0.848	0.424	0.454	0.35	2.076
2007	0.792	0.079	0.871	0.434	0.468	0.347	2.120
2008	0.782	0.077	0.859	0.446	0.502	0.338	2.145
2009	0.808	0.077	0.885	0.475	0.512	0.347	2.219

Source: Monmouth County Tax Board

Exhibit J-8

LITTLE SILVER SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT YEAR & NINE YEARS AGO  
 UNAUDITED

	Assessed Valuation 2009	Rank (Optional)	% of District's Net Assessed Valuation	Assessed Valuation 2000	Rank (Optional)	% of District's Net Assessed Valuation
Markham Prospect Assoc. Taxpayer #1	8,694,700	1	0.69%	4,594,400	1	0.72
Taxpayer #2	3,871,900	2	0.31%	2,050,000	2	0.32
Taxpayer #3	3,739,900	3	0.30%	1,742,400	4	0.27
Little Silver Building Account, LLC	3,346,700	4	0.27%	-	-	
Highmark Realty	3,025,500	5	0.24%	-	-	
I.S.T. Corp.	2,796,700	6	0.22%	-	-	
Taxpayer #3	2,780,100	7	0.22%	1,646,500	5	0.26
Taxpayer #4	2,652,200	8	0.21%	1,394,800	8	0.22
Conover Realty	2,494,300	9	0.20%	1,827,900	3	0.29
Taxpayer #5	2,467,000	10	0.20%	1,257,000	9	0.20
<b>Total Net Taxable Value</b>	<b>35,869,000</b>		<b>2.86%</b>	<b>14,513,000</b>		<b>2.28</b>

Exhibit J-9

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

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in <u>Sub years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2001	6,266,525	6,266,525	100.00%	-
2002	6,579,915	6,579,915	100.00%	-
2003	6,850,323	6,850,323	100.00%	-
2004	8,010,541	8,010,541	100.00%	-
2005	8,545,913	8,545,913	100.00%	-
2006	9,533,997	9,533,997	100.00%	-
2007	10,483,466	10,483,466	100.00%	-
2008	10,852,968	10,852,968	100.00%	-
2009	10,772,792	10,772,792	100.00%	-
2010	10,954,872	10,954,872	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4-F Form)

LITTLE SILVER SCHOOL DISTRICT  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS\*  
 UNAUDITED

Fiscal Year Ended June 30	Governmental Activities				Business Type Activities			Per Capita
	General Obligation Loans	Bonds & Loans	Certificates of Participation	Bonded Debt Anticipation Notes(BANs)	Capital Leases	Capital Leases	% of Personal Income	
2001	2,497,948	-	-	-	-	2,497,948	0.93%	400
2002	12,619,106	-	-	-	-	12,619,106	4.60%	2,018
2003	12,092,164	-	-	-	-	12,092,164	4.45%	1,933
2004	11,562,422	-	-	-	-	11,562,422	4.24%	1,848
2005	11,484,580	-	-	-	-	11,484,580	3.96%	1,843
2006	10,866,738	-	-	-	-	10,866,738	3.66%	1,761
2007	10,291,896	-	-	-	-	10,291,896	3.20%	1,682
2008	9,713,054	-	-	-	-	9,713,054	2.85%	1,587
2009	9,107,212	-	-	-	-	9,107,212	2.61%	1,490
2010	8,498,370	-	-	-	-	8,498,370	N/A	N/A

Source: Details regarding the district's outstanding debt can be found in the notes to the financial statements. See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

LITTLE SILVER SCHOOL DISTRICT  
 RATIO OF NET GENERAL DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value a of Property	Net Bonded Debt Per Capita
2001	2,497,948	-	2,497,948	0.39%	400
2002	12,619,106	-	12,619,106	1.98%	2,018
2003	12,092,164	-	12,092,164	0.99%	1,933
2004	11,562,422	-	11,562,422	0.95%	1,848
2005	11,484,580	-	11,484,580	0.94%	1,843
2006	10,866,738	-	10,866,738	0.88%	1,761
2007	10,291,896	-	10,291,896	0.83%	1,682
2008	9,713,054	-	9,713,054	0.78%	1,587
2009	9,107,212	-	9,107,212	0.74%	1,490
2010	8,498,370	-	8,498,370	N/A	N/A

Source: Details regarding the district's outstanding debt can be found in the notes to the financial statements. See Exhibit J-6 for property tax data. Polulation data can be found in the Exhibit J-14.

Exhibit J-12

LITTLE SILVER SCHOOL DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED

Net Direct Debt of School District as of June 30, 2010	\$ 8,498,370.00
Net Overlapping Debt of School District:	
Borough of Little Silver (100%)*	6,082,300.00
County of Monmouth - Little Silver share (1.305977589%)	6,665,061.05
Total Direct and Overlapping Bonded Debt as of June 30, 2010	<u>\$ 21,245,731.05</u>

Source: Little Silver Chief Financial Officer  
and Monmouth County Treasurer's Office.

LITTLE SILVER SCHOOL DISTRICT  
 COMPUTATION OF LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Legal Debt Margin For Fiscal Year 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	21,738,798	23,918,105	27,007,729	30,594,692	34,692,477	51,822,679	57,676,695	46,789,559	49,277,267	50,014,501
Total net debt applicable to limit	2,497,748.00	12,826,051.00	12,341,762.00	15,465,277.00	14,884,775.00	15,928,433.00	13,503,893.62	9,713,054.00	9,107,212.00	8,498,370.00
Legal debt margin	19,241,050.00	11,092,054.00	14,665,967.00	15,129,415.00	19,807,702.00	35,894,246.00	44,172,802.00	37,076,505.16	40,170,055.07	41,516,131.46
Total net debt applicable to the limit as a percentage of debt limit	11.49%	53.62%	46%	51%	43%	30.74%	23.41%	26.20%	22.67%	20.47%

Equalized valuation basis	
2009	1,659,770,691
2008	1,690,394,643
2007	1,651,284,812
	<u>5,001,450,146</u>
[A]	
Average equalized valuation of taxable property	1,667,150,049
[A/3]	
Debt limit (3 % of average equalization value)	50,014,501
Net bonded school debt	8,498,370
[C]	
Legal debt margin	<u>41,516,131</u>
[B-C]	

Total net debt applicable to the limit as a percentage of debt limit

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

Exhibit J-14

LITTLE SILVER BOARD OF EDUCATION  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> <sup>a</sup>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	6,189	\$241,005,849.00	\$38,941.00	2.5%
2001	6,241	\$269,367,801.00	\$43,161.00	2.0%
2002	6,254	\$274,319,202.00	\$43,863.00	2.2%
2003	6,256	\$271,429,072.00	\$43,387.00	3.3%
2004	6,257	\$273,017,938.00	\$43,634.00	3.2%
2005	6,233	\$290,114,985.00	\$46,545.00	2.7%
2006	6,171	\$296,652,312.00	\$48,072.00	2.7%
2007	6,119	\$321,241,381.00	\$52,499.00	2.8%
2008	6,114	\$341,320,164.00	\$55,826.00	3.6%
2009	6,141	\$348,532,455.00	\$56,755.00	6.0%

Source: New Jersey Department of Labor, State Data Center and Monmouth County Planning Board

\*\* School District per Capita Income based on US Bureau of the Census, Population Division.

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

LITTLE SILVER BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2008

1999

**DATA NOT AVAILABLE**

**DATA NOT AVAILABLE**

Source: Borough of Little Silver

LITTLE SILVER BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction										
Regular	47.5	48.5	49.0	48.1	51.7	64.2	65.6	67.1	66.0	66.0
Special Education	10.0	11.0	12.5	10.5	11.0	13.6	14.5	16.7	17.3	17.4
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	25.5	30.5	31.5	31.9	37.7	43.0	30.0	9.6	12.4	15.3
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Other administrative services	6.1	6.1	6.1	6.5	6.5	6.0	6.0	5.0	3.0	3.0
Central Services	-	-	-	-	-	-	-	-	-	-
Administrative Information Technology	-	-	-	-	-	0.5	0.5	1.0	1.0	1.0
Plant operations & maintenance	8	8	8	8	8	10	10	11.9	10.0	10.0
Pupil transportation	-	-	-	-	-	-	-	-	0.7	0.7
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>104.7</b>	<b>111.7</b>	<b>114.7</b>	<b>112.6</b>	<b>122.5</b>	<b>144.9</b>	<b>134.2</b>	<b>118.9</b>	<b>118.0</b>	<b>121.0</b>

Source: District Personnel Records

LITTLE SILVER BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentile Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in ADE	Student Attendance Percentage
2001	829	7,317,760	\$8,827		70.5	14.8:1	11.9:1	840	804.0		95.7%
2002	843	8,012,869	\$9,505	7.68%	71.5	13.9:1	12.3:1	848	816.0	0.95%	96.2%
2003	836	8,345,226	\$9,982	5.02%	71.5	12.7:1	11.9:1	838	800.0	-1.18%	95.5%
2004	827	8,636,425	\$10,443	4.62%	72.1	13.1:1	11.2:1	828.7	795.3	-1.11%	96.0%
2005	821	9,913,694	\$12,075	15.63%	74	11.7:1	10.3:1	822	790.0	-0.81%	96.1%
2006	802	9,361,136	\$11,672	-3.34%	74	11.2:1	8.8:1	804	773.5	-2.19%	96.2%
2007	788	9,484,875	\$12,037	3.12%	77	10.4:1	9.0:1	794.9	762.1	-1.13%	95.9%
2008	809	9,816,435	\$12,134	0.81%	76	10.8:1	8.6:1	810.7	778.5	1.99%	96.0%
2009	808	10,064,659	\$12,456	2.66%	76	10.8:1	8.6:1	805.3	773.9	-0.67%	96.1%
2010	797	10,499,390	\$13,174	5.76%	76			804.3	771.3	-0.12%	95.9%

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

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

LITTLE SILVER SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 UNAUDITED

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Point Road Elementary										
Square Feet	40,494	40,494	50,998	50,998	50,998	50,998	50,998	50,998	50,998	50,998
Capacity (students)				466	466	466	466	466	466	466
Enrollment	459	450	455	455	445	442	436	438	440	459
<u>Middle School</u>										
Markham Place Middle school										
Square Feet	46,951	46,951	57,189	57,189	57,189	57,189	57,189	57,189	57,189	57,189
Capacity (students)				387	387	387	387	387	387	387
Enrollment	370	393	381	372	376	360	352	371	371	338
<u>Other</u>										
<u>Administration Building</u>										
Square Feet	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400

Source: District records

LITTLE SILVER SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST NINE FISCAL YEARS  
 UNAUDITED

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

School Facilities	Markham Place	Point Road Elementary	Other Facilities	Total School Facilities
2002	20,547	15,222	383	36,152
2003	21,882	16,211	407	38,501
2004	42,281	31,323	787	74,391
2005	45,914	34,014	855	80,783
2006	118,092	87,485	2,199	207,776
2007	94,192	69,404	1,652	165,248
2008	110,091	81,558	2,050	193,699
2009	112,824	70,983	1,465	185,271
2010	117,417	91,522	1,766	210,704

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

Source: District records

LITTLE SILVER SCHOOL DISTRICT  
INSURANCE SCHEDULE FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED

	<u>Coverage Limits</u>	<u>Deductible</u>
Multi-Peril - General Securities		
Property - Blanket Building and contents (Replacement Cost Values)	\$ 30,098,473	\$ 1,000
Extra Expense Section - All Risks Coverage	\$ 1,000,000	
Electronic Data Processing Equipment	\$ 286,000	\$ 250
Musical Instruments Floater	\$ 3,225	\$ 250
Monies and Security	\$ 25,000	
Comprehensive General Liability	\$ 1,000,000	\$ 1,000
Employers Non-Owned & Hired Automobile Liability	\$ 1,000,000 \$ 1,000,000	\$ 500 \$ 1,000.00
Employee Benefits Liability	\$ 1,000,000	\$ 1,000
Aggregate	\$ 3,000,000	
Nurses Professional liability	\$ 5,000,000 \$ 5,000,000	Aggregate
Workers Compensation - NJSBAIG	\$ 2,000,000	
Covered Payrolls	\$ 6,470,963	
	Included in blanket	
Boiler Insurance - General Securities	property limit	\$ 1,000
Extra Expense Section	\$ 100,000	\$ 1,000
Fidelity Bond - General Securities		
Treasurer	\$ 200,000	
Board Secretary	\$ 83,000	
Assistant Board Secretary	\$ 3,000	
School Board Legal Liability - NJSBAIG	\$ 1,000,000	\$ 5,000
Student Accident - Bollinger Pension Life Ins. Co.		
Accidental Death	\$ 500,000	
Medical	\$ 500,000	
Dental Limit	\$ 5,000	

Source: District Records

**SINGLE AUDIT SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

## 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  
 Little Silver School District  
 County of Monmouth  
 Little Silver, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Little Silver School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 21, 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 Little Silver 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 Little Silver Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Little Silver 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 Little Silver 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 Little Silver 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.

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

October 21, 2010

# Robert A. Hulsart and Company

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

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

### MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

#### IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

#### NEW JERSEY OMB CIRCULAR 04-04

K-2

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

#### Compliance

We have audited the compliance of the Board of Education of the Little Silver School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2010. Little Silver Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Little Silver Board of Education's management. Our responsibility is to express an opinion on the Little Silver Board of Education's compliance based on our audit.

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

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

### **Internal Control Over Compliance**

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program 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 material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above. Little Silver Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Little Silver Board of Education's response and, accordingly, we express no opinion on it.

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

---

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

October 21, 2010

LITTLE SILVER SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule A  
K-3

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repaid to Grantor	Balance at June 30, 2010	
				From	To						(Accounts Receivable)	Deferred Revenue
U.S. Department of Education												
Passed-Through State Department of Education												
ARRA I.D.E.A. Basic	84.391	ARRA10	165,282	9-01-09	to 8-31-10	\$ -		33,959	(33,845)		114	
ARRA I.D.E.A. Preschool	84.392	ARRA10	5,983	9-01-09	to 8-31-10			1,438	(1,438)			
Title IIIA	84.281	NCLB09	23,383	9-01-08	to 8-31-09	(5,226)		5,226				
Title IIA	84.281	NCLB10	23,430	9-01-09	to 8-31-10			19,319	(21,478)	(20)		
Title IV	84.186A	NCLB08	1,550	9-01-07	to 8-31-08	20						
Title IV	84.186A	NCLB09	1,194	9-01-08	to 8-31-09	(506)		506				
Title IV	84.186A	NCLB10	1,133	9-01-09	to 8-31-10			863	(1,033)		(170)	
I.D.E.A. Basic	84.027	FT09	174,578	9-01-08	to 8-31-09	(38,468)		48,006	(9,538)			
I.D.E.A. Basic	84.027	FT10	171,984	9-01-09	to 8-31-10			151,383	(169,590)		(18,207)	
I.D.E.A. Preschool	84.173	FT09	5,906	9-01-08	to 8-31-09	(2,375)		2,375				
I.D.E.A. Preschool	84.173	FT10	5,876	9-01-09	to 8-31-10			4,496	(5,583)		(1,087)	
Total U.S. Department of Education						(46,555)		267,571	(242,505)	(20)	114	
Total Federal Financial Assistance						\$ (46,555)		267,571	(242,505)	(20)	114	

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

LITTLE SILVER SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2010		MEMO	
				Deferred Revenue (Accounts Receivable)	Due To Grantor					(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	10-495-034-5120-011	\$ 260,320	7-01-09 to 6-30-10	\$ -	-	-	260,320	(260,320)	-	(40,051)	260,320	(40,051)	
Security Aid	10-495-034-5120-084	36,085	7-01-09 to 6-30-10	-	-	-	36,085	(36,085)	-	(6,628)	36,085	(6,628)	
Transportation Aid	10-100-034-5120-014	43,091	7-01-09 to 6-30-10	(62,137)	-	-	43,091	(43,091)	-	(5,552)	43,091	(5,552)	
Extraordinary Aid	09-100-034-5120-473	62,137	7-01-08 to 6-30-09	-	-	-	62,137	(62,137)	-	(67,657)	67,657	(67,657)	
Non Public Transportation Aid	10-100-034-5120-473	67,657	7-01-09 to 6-30-10	(9,536)	-	-	9,536	(8,302)	-	(8,302)	8,302	(8,302)	
Non Public Transportation Aid	09-495-034-5120-014	9,536	7-01-08 to 6-30-09	-	-	-	9,536	(8,302)	-	(8,302)	8,302	(8,302)	
On-Behalf TPAF Pension Contributions	10-495-034-5120-014	8,302	7-01-09 to 6-30-10	-	-	-	8,302	(8,302)	-	-	8,302	-	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-001	350,487	7-01-09 to 6-30-10	-	-	-	350,487	(350,487)	-	-	350,487	-	
Total General Fund	10-495-034-5095-002	429,901	7-01-09 to 6-30-10	(71,673)	-	-	429,901	(429,901)	-	(52,231)	429,901	(52,231)	
Special Revenue													
N.J. Nonpublic Aid													
Textbook Aid	09-100-034-5120-064	2,230	7-01-08 to 6-30-09	2,230	-	-	1,823	(2,230)	-	-	1,823	-	
Nursing Services	10-100-034-5120-064	1,823	7-01-09 to 6-30-10	-	-	-	1,823	(12)	-	-	1,823	-	
Nursing Services	09-100-034-5120-070	3,011	7-01-08 to 6-30-09	12	-	-	2,162	(2,134)	-	-	28	-	
Nursing Services	10-100-034-5120-070	2,162	7-01-09 to 6-30-10	-	-	-	960	(2,086)	-	-	960	-	
Compensatory Education	10-100-034-5120-066	960	7-01-09 to 6-30-10	-	-	-	960	(2,086)	-	-	1,645	-	
Examination & Classification	09-100-034-5120-066	3,412	7-01-08 to 6-30-09	2,086	-	-	1,645	(1,860)	-	-	1,645	-	
Examination & Classification	10-100-034-5120-066	1,645	7-01-09 to 6-30-10	-	-	-	1,645	(1,860)	-	-	6,277	-	
Corrective Speech	09-100-034-5120-066	6,510	7-01-08 to 6-30-09	1,860	-	-	6,277	(6,277)	-	-	6,277	-	
Corrective Speech	10-100-034-5120-066	6,277	7-01-09 to 6-30-10	-	-	-	6,277	(6,277)	-	-	6,277	-	
Technology	09-100-034-5120-328	1,560	7-01-08 to 6-30-09	13	-	-	12,867	(8,411)	(13)	-	4,456	-	
Total Special Revenue				6,201	-	-	12,867	(8,411)	(6,201)	-	4,456	-	
Total State Financial Assistance				\$ (65,472)	-	-	1,204,424	(1,204,254)	(6,201)	(75,959)	4,456	(52,231)	1,204,254

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

\*Funds held and returned to the State of New Jersey by the Monmouth-Ocean Educational Services Commission

**BOARD OF EDUCATION**

K-5

**LITTLE SILVER SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2010****NOTE 1: GENERAL**

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

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(6,774) for the general fund and \$(1,565) for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	1,195,843	1,195,843
Special Revenue Fund	<u>242,505</u>	<u>8,411</u>	<u>250,916</u>
Total Financial Assistance	<u>\$ 242,505</u>	<u>1,204,254</u>	<u>1,446,759</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

**NOTE 6: PARTICIPATION IN NATIONAL SCHOOL LUNCH PROGRAM**

The Board elected to not participate in the National School Lunch Program for federal and state purposes, and the Special Milk for state purposes, during the 2009-2010 fiscal year.

LITTLE SILVER SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

*Section I - Summary of Auditor's Results*

Financial Statement Section

Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

2) Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      x   None Reported

Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes      x   No

**LITTLE SILVER SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  x  Yes   No

Internal Control over major programs:

(1) Material Weakness(es) identified?   Yes  x  No

(2) Significant deficiencies identified that are not considered to material weaknesses?   Yes  x  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?   Yes  x  No

Identification of major programs:

**State Grant/Project Number(s)**

10-495-034-5120-011

10-495-034-5095-002

**Name of State Program**

Special Education Aid

TPAF Social Security Reimbursed

LITTLE SILVER SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010*Section II - Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*. See the AICPA Audit Guide *Government Auditing Standards and Circular A-133 Audits* for further guidance on this schedule.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Views of responsible officials and planned corrective action: N/A

LITTLE SILVER SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTSFOR THE FISCAL YEAR ENDED JUNE 30, 2010

K-6

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

This section identifies audit findings required to be reported by section .510 of Circular A-133 and OMB Circular Letter 04-04.

**FEDERAL AWARDS**

Finding: NONE

Information on the federal program (1): N/A

Criteria or specific requirement: N/A

Condition (2): N/A

Questioned Costs (3): N/A

Context (4): N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Views of responsible officials and planned corrective action (5): N/A

LITTLE SILVER SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTSFOR THE FISCAL YEAR ENDED JUNE 30, 2010

K-6

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

This section identifies audit findings required to be reported by section .510 of Circular A-133 and OMB Circular Letter 04-04.

**STATE AWARDS**

Finding: NONE

Information on the federal program (1): N/A

Criteria or specific requirement: N/A

Condition (2): N/A

Questioned Costs (3): N/A

Context (4): N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Views of responsible officials and planned corrective action (5): N/A

LITTLE SILVER SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

K-7

**Status of Prior Year Findings:**

Finding: None

Condition: N/A

Current Status: N/A