

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF LINCOLN PARK**

**Borough of Lincoln Park School District  
Lincoln Park, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual  
Financial Report**

**of the**

**Borough of Lincoln Park School District**

**Borough of Lincoln Park, New Jersey**

**For the Fiscal Year Ended June 30, 2010**

**Prepared by**

**Borough of Lincoln Park School District  
Board of Education**

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INTRODUCTORY SECTION

# Lincoln Park Public Schools

92 Ryerson Road • Lincoln Park, NJ 07035 • (973) 696-5500 (Phone) • (973) 696-9273 (Fax)

James W. Grube  
Superintendent of Schools

Peter J. Weigly  
Interim School Business Administrator/  
Board Secretary

November 15, 2010

The Honorable President and  
Members of the Board of Education  
Lincoln Park Borough School District  
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Lincoln Park Borough School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lincoln Park Board of Education (the "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 basic financial statements and results of operations 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 management's discussion and analysis, the basic financial statements and schedules, as well as the independent auditors' reports 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 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lincoln Park Borough School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lincoln Park Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade eight. These include regular, as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 510 students at the LPES, 389 students at the LPMS. Lincoln Park High School students attend Boonton High School on a tuition basis as well as the Morris County Academies. During the 2009-2010 school year 282 students attended Boonton High School and 58 students attended the Morris County Academies. At the end of June 2010, the K-8 enrollment was 899 students; 11 students fewer than the previous year.

### Average Daily Enrollment

Fiscal Year	Student Enrollment		Percent Change	
	K-8	High School	K-8	High School
2004-05	956	318	-0.22%	-0.63%

Fiscal Year	Student Enrollment		Percent Change	
	K-8	High School	K-8	High School
2005-06	940	320	-1.66%	0.63%
2006-07	929	314	-1.18%	-1.88%
2007-08	913	307	-1.72%	-2.23%
2008-09	910	276	-0.33%	-10.10%
2009-10	893	282	-1.87%	2.17%

**2) ECONOMIC CONDITION AND OUTLOOK:** The two communities of the Lincoln Park Borough School District continue to experience a period of economic stability.

**3) MAJOR INITIATIVES:**

**Academic Performance:**

The eighth grade students took the Grade Eight New Jersey Assessment of Skills and Knowledge (NJASK 8) in April 2010. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 8	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	93.4 %	95.9 %	77.8 %
Mathematics	95.3 %	98.0 %	66.6 %
Science	94.4 %	96.9 %	77.8 %

The seventh grade students took the Grade Seven New Jersey Assessment of Skills and Knowledge (NJASK 7) in April 2009. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 7	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	88.5 %	95.3 %	30.0 %
Mathematics	91.7 %	95.3%	60.0%

The sixth grade students took the Grade Six New Jersey Assessment of Skills and Knowledge (NJASK 6) in May 2009. The following is the breakdown of the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 6	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	82.8 %	91.2 %	38.5 %
Mathematics	85.8 %	94.8 %	38.5%

The fifth grade students took the Grade Five New Jersey Assessment of Skills and Knowledge (NJASK 5) in May 2010. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 5	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	82.0 %	85.4 %	61.5 %
Mathematics	93.3 %	96.0 %	77.0 %

The fourth grade students took the Grade Four New Jersey Assessment of Skills and Knowledge (NJASK 4) in May 2010. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 4	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	80.7 %	86.8 %	40.0 %
Mathematics	97.5 %	98.5 %	90.0 %
Science	98.7 %	98.5 %	100.0 %

The third grade students took the Grade Three New Jersey Assessment of Skills and Knowledge (NJASK 3) in May 2010. The following is the breakdown the percentage of students scoring Advanced Proficient or Proficient in each test section. Our total student population included general education students, special education students, and limited English proficient students. The District made AYP (Adequate Yearly Progress) on all tests in the general education area.

NJASK—GRADE 3	Total Students Enrolled	General Education Students	Special Education Students
Language Arts Literacy	83.8 %	90.2 %	61.9 %
Mathematics	95.3 %	98.8 %	85.7 %

#### **Professional Staff:**

Lincoln Park's professional staff included one superintendent of school, one school business administrator, one supervisor of Special Services, two building principals, 86 certified teachers, 9 paraprofessionals, 2 guidance counselors, 2 school nurses, and 4 Child Study Team members. The attendance rate for all staff for the 2009-2010 school year was 96.2 % (middle and elementary).

Teachers regularly engage in professional development opportunities that include workshops/conferences, in-house workshops, articulation meetings; professional visitations; and pursuit toward advanced degrees in area universities and colleges and online. Teachers continued to serve as leaders in curriculum development throughout the district and across disciplines.

#### **Academic School Improvement:**

Academic improvement is being shown in all areas of the school population. During the past school year specific performance objectives for each school were developed in the areas of writing and physical fitness in the elementary school, and language arts and discipline in the middle school. The middle school class schedule was modified, providing more math and language arts instruction. The District spent time reviewing the math curriculum, which resulted in a new textbook series. The administrative team and the teachers are continuously investigating ways to improve academic performance.

The Technology Plan 2007-2010 was approved in May of 2007, and continues to drive the technological direction and improvements in the Lincoln Park schools. The Lincoln Park schools currently have three computer labs, and provide a minimum of two computers with Internet access in every classroom. Courses in computer literacy and problem solving using technology are offered to students and to professional staff. We are also following the strategy of having LCD projectors available to teachers to enhance and enrich their classroom lessons. Computer

hardware and software is continually assessed and updated as per the technology plan. The District upgraded its Professional Development and Mentoring Plans to assist the staff with classroom instruction throughout the district. The District purchased new computers for the elementary school, as well as several Smartboards for the classrooms.

Ongoing school improvement initiatives included:

- Maintaining class sizes at no more than 20 children in each primary grade (K-2) and 25 children in each grade 4-8.
- Updating the entire curricula to align with the 2004 Core Curriculum Content Standards was completed during the 2009-2010 school year, as well as completed revision of the math curriculum and health and physical education curriculum for grades K-8.
- Inclusion of special education children in the regular education program, while also concentrating on differentiating instruction to meet all students' needs is an ongoing focus.
- The continued emphasis on the safe school climate has been and will continue to be a major focus of the District.
- Ongoing staff training in writing, math, and use of technology as an instructional tool in the classroom, which assists the staff in meeting the needs of all the students.
- Maintaining co-curricular, remedial, and enrichment activities that support academic and social growth of the children.
- Continued development of the District's inclusive preschool program and expanding a special education transition program at the elementary school.

The Lincoln Park School District provides excellence in education while maintaining fiscal responsibility.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system 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 system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

**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, special revenue fund and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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

**7) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

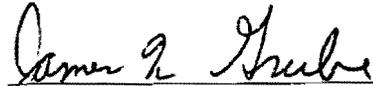
**9) OTHER INFORMATION:**

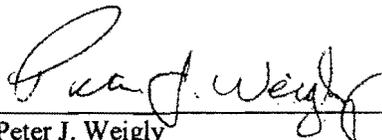
**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

  
 \_\_\_\_\_  
 James W. Grube  
 Superintendent

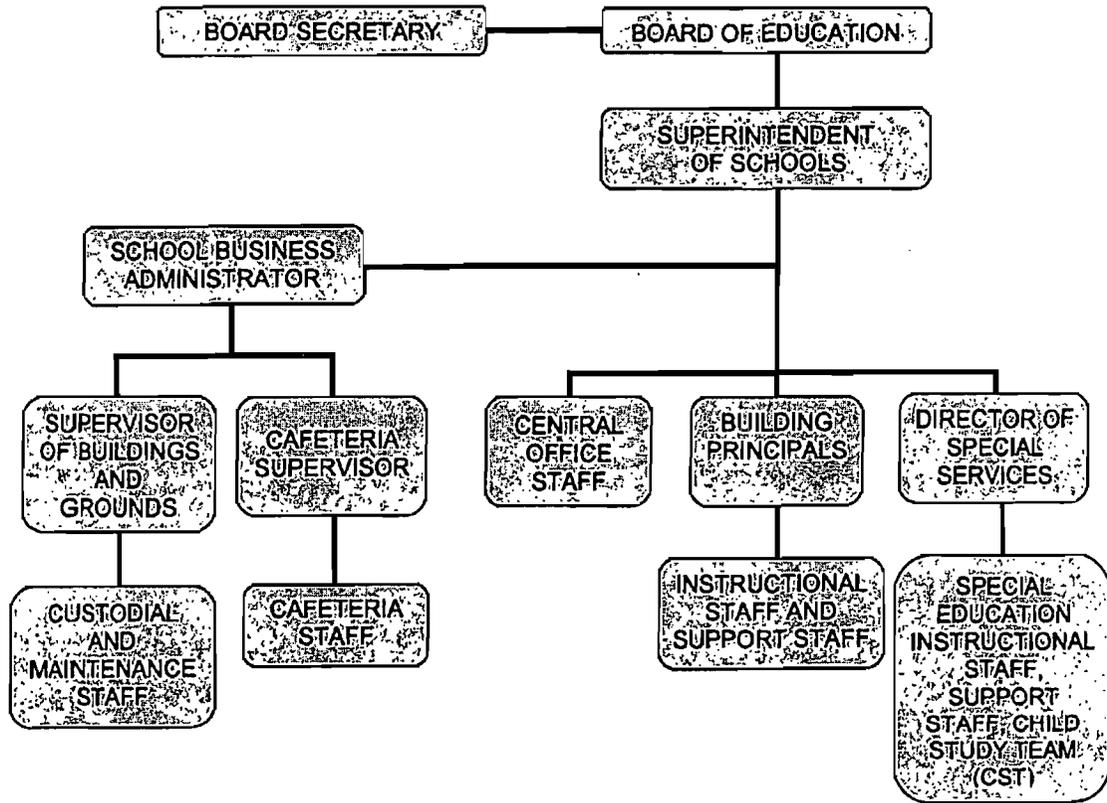
  
 \_\_\_\_\_  
 Peter J. Weigly  
 Interim School Business Administrator/  
 Board Secretary

# POLICY

BOARD OF EDUCATION  
LINCOLN PARK

ADMINISTRATION  
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Organizational Chart

## 1110 ORGANIZATIONAL CHART



Adopted: 11 June 1996  
Revised: 24 January 2006

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Perry Mayers, President	2012
Kevin Lancaster, Vice-President	2011
Frank Avena	2013
Colleen Brogan	2013
John C. Gibbons	2013
Luciano Nazzaro	2013
Carol Nielsen	2011

Other Officers

James W. Grube, Superintendent

Nancy Rajoppi-Manno, Business Administrator/Board Secretary (7/1/09 - 8/3/10 )

Peter J. Weigly, Interim School Business Administrator/Board Secretary (From 7/7/10)

Kerry Geisler, Treasurer of School Moneys

Nathanya Simon, Board Counsel

**LINCOLN PARK BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

Nathanya Simon, Esq.  
Schwartz, Simon, Edelstein, Celso and Zitomer, LLC  
44 Whippany Road  
P.O. Box 2355  
Morristown, New Jersey 07962

**Audit Firm**

Nisivoccia & Company LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, New Jersey 07856-1320

**Official Depository**

TD Banknorth  
280 Passaic Avenue  
Fairfield, New Jersey 07004

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road Suite 300  
 Mount Arlington, NJ 07856  
 Phone: 973-328-1825  
 Fax: 973-328-0507

Lawrence Business Park  
 11 Lawrence Road  
 Newton, NJ 07860  
 Phone: 973-383-6699  
 Fax: 973-383-6555

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Lincoln Park Borough School District  
 County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lincoln Park Borough School District in the County of Morris as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these basic 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 the 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 opinions.

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 Board of Education of the Lincoln Park Borough School District in the County of Morris as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the Board of Education of the Lincoln Park Borough School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis section and Budgetary Comparison Information on schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Lincoln Park Borough School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards 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 Nonprofit Organizations*; and New Jersey OMB's Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules listed in the table of contents and schedules of expenditures of federal and state awards 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 section 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.

November 15, 2010  
Mount Arlington, New Jersey

  
NISIVOCCIA & COMPANY LLP

  
Francis J. Jones, Jr.  
Licensed Public School Accountant #01154  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION – PART I  
MANAGEMENT’S DISCUSSION AND ANALYSIS

## Management Discussion and Analysis Unaudited

This section of Lincoln Park Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- Revenue from governmental activities accounted for \$20,660,614, which represents 98.59 percent of all revenues totaling \$20,954,103.
- The school district had expenses from governmental activities of \$20,298,991, which was 98.53 percent of all expenses totaling \$20,599,985.
- Net Assets of the District increased by \$492,231.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to financial statements* provide additional information essential to a full understanding of district wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table 1 shows how the various parts of this annual report are arranged and relate to one another.

**Table 1**  
**Organization of Lincoln Park Borough's Financial Report**

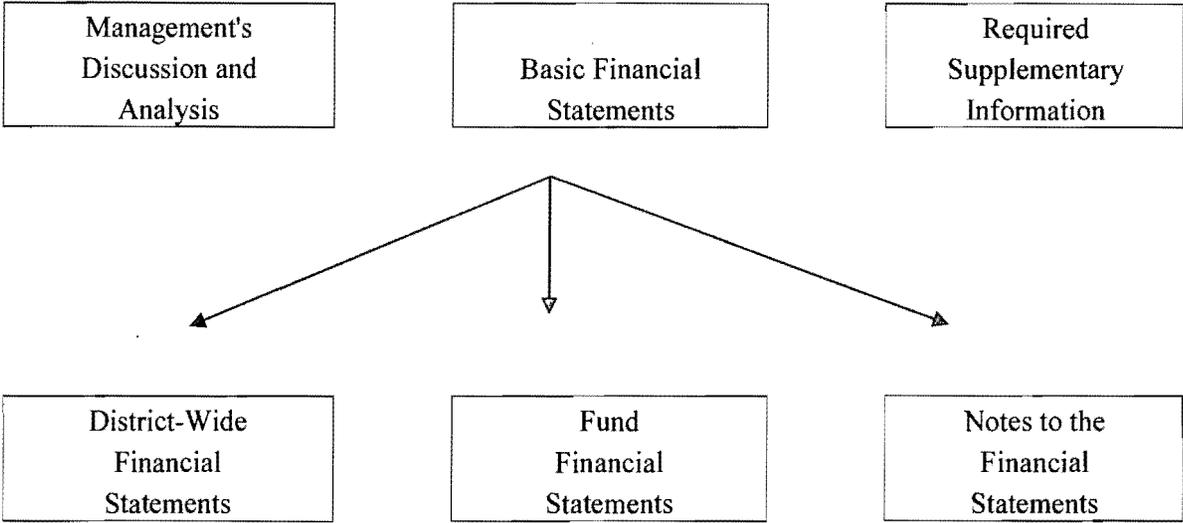


Table 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Table 2

## Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>o Statement of net assets</li> <li>o Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>o Balance sheet</li> <li>o Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>o Statement of net assets</li> <li>o Statement of revenue, expenses, and changes in net assets</li> <li>o Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>o Statement of fiduciary net assets</li> <li>o Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### ***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

### Financial Analysis of the District as a Whole

*Net Assets.* The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a district's financial position.

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

**Table 3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Current and							
Other Assets	\$ 1,333,879	\$ 2,586,827	\$ 158,521	\$ 172,509	\$ 1,492,400	\$ 2,759,336	84.89%
Capital Assets	9,434,360	9,079,714	7,143	5,578	9,441,503	9,085,292	-3.77%
Total Assets	<u>10,768,239</u>	<u>11,666,541</u>	<u>165,664</u>	<u>178,087</u>	<u>10,933,903</u>	<u>11,844,628</u>	8.33%
Long-term							
Debt Out-							
standing	5,253,571	4,696,121			5,253,571	4,696,121	-10.61%
Other Liabilities	99,253	782,269	2,370	22,298	101,623	804,567	691.72%
Total							
Liabilities	<u>5,352,824</u>	<u>5,478,390</u>	<u>2,370</u>	<u>22,298</u>	<u>5,355,194</u>	<u>5,500,688</u>	2.72%
Net Assets							
Invested in							
Capital Assets,							
Net of Re-							
lated Debt	4,635,357	4,614,867	7,143	5,578	4,642,500	4,620,445	-0.48%
Restricted	318,965	1,216,983			318,965	1,216,983	281.54%
Unrestricted	461,093	83,301	156,151	150,211	617,244	233,512	-62.17%
Total Net							
Assets	<u>\$ 5,415,415</u>	<u>\$ 5,915,151</u>	<u>\$ 163,294</u>	<u>\$ 155,789</u>	<u>\$ 5,578,709</u>	<u>\$ 6,070,940</u>	8.82%

*Changes in Net Assets.* The District's *combined* net assets were \$6,070,940 on June 30, 2010, \$492,231 or 8.82% more than they were the year before. (Table 3). The depreciation factored into the net assets of the District as a decrease is \$765,815. The net assets of the government activities increased by \$511,501, which consisted of an adjustment in the capital assets of the District of \$138,113, additional increases in total revenue of the District and an overall attempt by the District to cut spending which is indicative by the decreases noted on the following schedule ( See Table 4). The net assets of the business-type activities decreased \$7,505 (See Table 4). The decrease in the net assets of the business-type activities is attributable to expenses exceeding revenue.

**Table 4**  
**Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
<b>Revenue:</b>							
Program Revenue:							
Charges for Services			\$ 219,364	\$ 207,896	\$ 219,364	\$ 207,896	-5.23%
Operating Grants and Contributions	\$ 3,208,294	\$3,583,235	67,692	85,593	3,275,986	3,668,828	11.99%
General Revenue:							
Property Taxes	16,229,003	16,761,795			16,229,003	16,761,795	3.28%
Unrestricted State and Federal Aid	91,445	74,684			91,445	74,684	-18.33%
Other	234,201	240,900			234,201	240,900	2.86%
<b>Total Revenue</b>	<b>19,762,943</b>	<b>20,660,614</b>	<b>287,056</b>	<b>293,489</b>	<b>20,049,999</b>	<b>20,954,103</b>	<b>4.51%</b>
<b>Expenses:</b>							
Instruction	7,634,584	8,036,224			7,634,584	8,036,224	5.26%
Pupil and Instruction Services	7,721,011	7,570,280			7,721,011	7,570,280	-1.95%
Administrative and Business	1,535,516	1,625,491			1,535,516	1,625,491	5.86%
Maintenance and Operations	1,056,821	999,086			1,056,821	999,086	-5.46%
Transportation	1,178,615	1,278,923			1,178,615	1,278,923	8.51%
Other	985,359	788,987	314,062	300,994	1,299,421	1,089,981	-16.12%
<b>Total Expenses</b>	<b>20,111,906</b>	<b>20,298,991</b>	<b>314,062</b>	<b>300,994</b>	<b>20,425,968</b>	<b>20,599,985</b>	<b>0.85%</b>
Transfers In/(Out)	(79,520)		79,520				
Other Item - Adjustment to Fixed Asset Appraisal Report		138,113				138,113	100.00%
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ (428,483)</b>	<b>\$ 499,736</b>	<b>\$ 52,514</b>	<b>\$ (7,505)</b>	<b>\$ (375,969)</b>	<b>\$ 492,231</b>	<b>230.92%</b>

*Revenue Sources.* The District's total revenue for the 2009-2010 school year was \$20,954,103. (See Table 4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$16,761,795 of the total, or 79.99 percent. (See Table 5). Another 18.86 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenues it receives from its local taxpayers.

**Table 5**  
**Sources of Revenue for Fiscal Year 2010**

	Amount	Percentage
<b>Sources of Income:</b>		
Property Taxes	\$ 16,761,795	79.99%
Operating Grants and Contributions	3,668,828	17.51%
Unrestricted State and Federal Aid	74,684	0.36%
Charges for Services	207,896	0.99%
Other	240,900	1.15%
	<b>\$ 20,954,103</b>	<b>100.00%</b>

The total cost of all programs and services was \$20,599,985. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.98 percent). (See Table 6). The District's administrative and business activities accounted for 7.89 percent of total costs. It is important to remember that \$765,815 in depreciation is included in expenses for the year.

**Table 6**  
**Expenses for Fiscal Year 2010**

Expense Category:	Amount	Percentage
Instruction	\$ 8,036,224	39.01%
Pupil and Instruction Services	7,570,280	36.75%
Administrative and Business	1,625,491	7.89%
Maintenance and Operations	999,086	4.85%
Transportation	1,278,923	6.21%
Other	1,089,981	5.29%
	\$ 20,599,985	100.00%

***Governmental Activities***

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining existing programs with relatively stable pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. The District has taken steps to reduce expenses while still providing a quality educational experience for the children of Lincoln Park. Such changes have generated savings, but these have not been sufficient enough to offset rising insurance premiums, increased special education program costs and escalating utility expenses.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- The lawn mowing and snowplowing services are provided by the Borough.
- Participate in the Cooperative Purchasing of School Supplies and Jointure Transportation through the Morris County E.S.C.
- Member of the State-wide ACES consortium for the bulk purchase of natural gas and electrical generation services.
- Applied and received 40% discounts on all telecommunication services through the federal e-rate program.
- Completed construction projects that involved upgrades/replacement of lights, windows, and HVAC controls in older section of each school in an effort to maximize energy conservation and minimize utility costs.
- Member of the Morris County Educational Technology Training Center, which provides professional development in technology for the staff.

Table 7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Table 7**

**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2008/09	2009/10	2008/09	2009/10
Instruction	\$ 7,634,584	\$ 8,036,224	\$ 5,290,794	\$ 5,352,170
Pupil and Instruction Services	7,721,011	7,570,280	7,450,425	7,404,333
Administrative and Business	1,535,516	1,625,491	1,449,040	1,559,974
Maintenance and Operations	1,056,821	999,086	1,062,056	948,754
Transportation	1,178,615	1,278,923	616,197	661,538
Other	985,359	788,987	730,684	788,987
	<u>\$ 20,111,906</u>	<u>\$ 20,298,991</u>	<u>\$ 16,599,196</u>	<u>\$ 16,715,756</u>

- The cost of all governmental activities this year was \$20.30 million.
- The main revenue source for the District's governmental activities (\$16.76 million) was financed by District taxpayers.
- A portion of governmental activities was financed with \$3.75 million in state and federal aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

**Business-Type Activities**

Net assets from the District's business-type activity decreased by \$7,505 (refer to Table 4). Factors contributing to these results included:

- Food services expenses exceeded revenue.

**Financial Analysis of the District's Funds**

The District's financial position remains stable despite very difficult economic conditions and recent cuts in State aid to the school district. Cost of energy, supplies, and materials are continually increasing. Salaries of staff have been increased by prior year negotiated agreements. The District once again changed the employee benefit costs, which saved the District money. Although the District is doing everything possible to provide educational programs which enable students to remain in District, the cost of out of district placements is increasing. Despite the aforementioned unanticipated budget difficulties, the District managed to finish the year with a surplus. The cut in State aid, stagnate ratable base and the State taking the District's excess surplus, resulted in a higher tax rate in 2010. The ability to generate fund balance and to have increased rates is essential in maintaining a reasonable tax rate since there is not a guaranteed State aid increase.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated, and to prevent over expenditures in specific line item accounts. Several of these revisions bear notation:

- Extraordinary aid, which is State aid for special education students whose individual program costs exceed \$40,000 per year, was not anticipated as there is no guarantee from the Department of Education that these funds would be available.
- TPAF, which is the State's contribution to the pension fund, is a non-budgetary "on-behalf" revenue and expenditure item that is required to be reflected in the financial statements.

- Tuition for special education students is budgeted based on existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer and school year which necessitates transferring funds to and from the appropriate budget lines to account for these special education costs.

**Table 8**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	
Land	\$ 719,980	\$ 719,980			\$ 719,980	\$ 719,980	0.00%
Construction in Progress	1,784,030	2,006,706			1,784,030	2,006,706	12.48%
Buildings and Building Improvements	6,550,391	5,992,747			6,550,391	5,992,747	-8.51%
Machinery	379,959	360,281	\$ 7,143	\$ 5,578	387,102	365,859	-5.49%
	<u>\$ 9,434,360</u>	<u>\$ 9,079,714</u>	<u>\$ 7,143</u>	<u>\$ 5,578</u>	<u>\$ 9,441,503</u>	<u>\$ 9,085,292</u>	<u>-3.77%</u>

### Long-term Debt

At year-end, the District had \$4,715,000 in general obligation bonds outstanding – a decrease of \$590,000 from last year – as shown in Table 9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

**Table 9**  
**Outstanding Debt**

	Total School District		Total Percentage Change
	2008/09	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 5,305,000	\$ 4,715,000	-11.12%
Less: Deferred Amortization on Refunding	(243,377)	(208,608)	-14.29%
Net Bonded Debt	5,061,623	4,506,392	
Other Long-Term Liabilities	191,948	189,729	-1.16%
	<u>\$ 5,253,571</u>	<u>\$ 4,696,121</u>	<u>-10.61%</u>

- The District continued to pay down its debt, retiring \$590,000 of outstanding bonds.

The Lincoln Park School District is currently in good financial condition. The School District is proud of its community support of the public schools, although the reduction in State aid has increased the reliance on local property taxes to support the District. Although the increased financial impact is difficult on the tax payers, the community continues to support the schools.

The new concern to the District is the new 2% cap being placed on budget during the upcoming budget season. It will be exceedingly difficult to continue to maintain programs under the new regulations. With the continued reduction in State aid, the local tax payers will continue to shoulder more of the financial responsibility of the District.

The Lincoln Park School District budget for the 2010-2011 school year passed with 735 "yes" votes.

In conclusion, the Lincoln Park School District has committed itself to financial excellence for many years. In addition, the School District 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 difficult challenges of future budgets.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Adrian Podzielny, Business Administrator/Board Secretary at the Lincoln Park Board of Education, 92 Ryerson Road, Lincoln Park, New Jersey 07035. Please visit our website at [www.lincolnparkboe.org](http://www.lincolnparkboe.org).

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,772,107	\$ 50,317	\$ 1,822,424
Receivables from Other Governments	618,824	4,843	623,667
Interfund Receivable	69		69
Internal Balances	(113,970)	113,970	
Inventory		3,379	3,379
Unamortized Bond Issuance Costs	42,038		42,038
Unamortized Bond Discount	11,854		11,854
Restricted Cash and Cash Equivalents	255,905		255,905
Capital Assets:			
Sites (Land)	719,980		719,980
Construction in Progress	2,006,706		2,006,706
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	6,353,028	5,578	6,358,606
<b>Total Assets</b>	<b>11,666,541</b>	<b>178,087</b>	<b>11,844,628</b>
<b>LIABILITIES</b>			
Accounts Payable	996,458	20,899	1,017,357
Deferred Revenue		1,399	1,399
Accrued Interest Payable	21,805		21,805
Judgements Payable	30,000		30,000
Payable to State Government	2,635		2,635
Payable to Federal Government	4,371		4,371
Noncurrent Liabilities:			
Due Within One Year	569,204		569,204
Due Beyond One Year, Net	4,126,917		4,126,917
<b>Total Liabilities</b>	<b>5,751,390</b>	<b>22,298</b>	<b>5,773,688</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	4,614,867	5,578	4,620,445
Restricted for:			
Debt Service Fund	7,785		7,785
Other Purposes	1,209,198		1,209,198
Unrestricted	83,301	150,211	233,512
<b>Total Net Assets</b>	<b>\$ 5,915,151</b>	<b>\$ 155,789</b>	<b>\$ 6,070,940</b>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDING JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 5,710,472		\$ 1,771,748	\$ (3,938,724)		\$ (3,938,724)
Special Education	1,651,064		897,948	(753,116)		(753,116)
Other Special Instruction	490,294		14,358	(475,936)		(475,936)
Other Instruction	184,394			(184,394)		(184,394)
<b>Support services:</b>						
Tuition	5,975,632			(5,975,632)		(5,975,632)
Student & Instruction Related Services	1,594,648		165,947	(1,428,701)		(1,428,701)
General Administrative Services	543,864		25,984	(517,880)		(517,880)
School Administrative Services	488,749		38,925	(449,824)		(449,824)
Plant Operations and Maintenance	999,086		50,332	(948,754)		(948,754)
Pupil Transportation	1,278,923		617,385	(661,538)		(661,538)
Central Services	592,878		608	(592,270)		(592,270)
Special Schools	6,442			(6,442)		(6,442)
Interest on Long-Term Debt	225,801			(225,801)		(225,801)
Unallocated Depreciation	556,744			(556,744)		(556,744)
<b>Total Governmental Activities</b>	<b>20,298,991</b>	<b>-0-</b>	<b>3,583,235</b>	<b>(16,715,756)</b>	<b>-0-</b>	<b>(16,715,756)</b>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDING JUNE 30, 2010

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 300,994	\$ 207,896	\$ 85,593		\$ (7,505)	\$ (7,505)
Total Business-Type Activities	300,994	207,896	85,593		(7,505)	(7,505)
Total Primary Government	\$ 20,599,985	\$ 207,896	\$ 3,668,828	\$ (16,715,756)	(7,505)	(16,723,261)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				16,104,842		16,104,842
Taxes Levied for Debt Service				656,953		656,953
Unrestricted Aid				74,684		74,684
Investment Earnings				4,129		4,129
Miscellaneous Income				236,771		236,771
Other Item - Adjustments to Fixed Assets Report				138,113		138,113
Total General Revenue, Special Items and Transfers				17,215,492		17,215,492
Change in Net Assets				499,736	(7,505)	492,231
Net Assets - Beginning				5,415,415	163,294	5,578,709
Net Assets - Ending				\$ 5,915,151	\$ 155,789	\$ 6,070,940

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,664,247		\$ 107,860		\$ 1,772,107
Receivables From State Government	198,627				198,627
Receivable From Federal Government		\$ 420,197			420,197
Interfund Receivable	391,866			\$ 61,315	453,181
Restricted Cash and Cash Equivalents	255,905				255,905
<b>Total Assets</b>	<u>\$ 2,510,645</u>	<u>\$ 420,197</u>	<u>\$ 107,860</u>	<u>\$ 61,315</u>	<u>\$ 3,100,017</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 915,603	\$ 80,855			\$ 996,458
Payable to State Government		2,635			2,635
Payable to Federal Government		4,371			4,371
Judgments Payable	30,000				30,000
Interfund Payable	114,901	332,336	\$ 66,315	\$ 53,530	567,082
<b>Total Liabilities</b>	<u>1,060,504</u>	<u>420,197</u>	<u>66,315</u>	<u>53,530</u>	<u>1,600,546</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Capital Reserve Account	255,905				255,905
Maintenance Reserve Account	150,000				150,000
Encumbrances	591,578				591,578
Excess Surplus	134,475				134,475
Excess Surplus - Designated for Subsequent Year's Expenditures	77,240				77,240
<b>Unreserved Reported in:</b>					
General Fund - Designated for Subsequent Year's Expenditures	23,469				23,469
General Fund - Undesignated	217,474				217,474
Capital Projects Fund			41,545		41,545
Debt Service Fund				7,785	7,785
<b>Total Fund Balances</b>	<u>1,450,141</u>		<u>41,545</u>	<u>7,785</u>	<u>1,499,471</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,510,645</u>	<u>\$ 420,197</u>	<u>\$ 107,860</u>	<u>\$ 61,315</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 \$17,560,501 and the accumulated depreciation is \$8,480,787.	9,079,714
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.	(21,805)
Unamortized Bond Issuance Costs are reported as expenditures in the Governmental Funds. The cost is \$70,062 and the accumulated amortization is \$21,018.	42,038
Unamortized Bonds Discount is reported as revenue in the Funds. These premiums total \$19,754 and the accumulated amortization is \$5,925.	11,854
Deferred Interest costs are not reported as expenditures in the governmental funds in the year of the expenditure. The deferred interest is \$208,608.	208,608
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	<u>(4,904,729)</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 5,915,151</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 16,104,842			\$ 656,953	\$ 16,761,795
Tuition	17,750				17,750
Interest Earned	4,032		\$ 32		4,064
Other Restricted Miscellaneous Revenue	190				190
Unrestricted Miscellaneous Revenues	218,896				218,896
<b>Total - Local Sources</b>	<b>16,345,710</b>		<b>32</b>	<b>656,953</b>	<b>17,002,695</b>
State Sources	2,992,442	\$ 15,626		74,684	3,082,752
Federal Sources		575,167			575,167
<b>Total Revenue</b>	<b>19,338,152</b>	<b>590,793</b>	<b>32</b>	<b>731,637</b>	<b>20,660,614</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	4,614,720	528,899			5,143,619
Special Education Instruction	1,457,015	56,926			1,513,941
Other Special Instruction	448,546				448,546
Other Instruction	162,501				162,501
<b>Support Services and Undistributed Costs:</b>					
Tuition	5,975,632				5,975,632
Student & Instruction Related Services	1,461,602				1,461,602
General Administrative Services	518,035				518,035
School Administrative Services	421,403				421,403

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Plant Operations and Maintenance	\$ 944,116				\$ 944,116
Pupil Transportation	1,271,094				1,271,094
Central Services	553,556				553,556
Unallocated Benefits	891,280				891,280
Debt Service:					
Principal				\$ 590,000	590,000
Interest and Other Charges				185,051	185,051
Special Schools	5,834				5,834
Capital Outlay	43,847	\$ 4,968	\$ 222,676		271,491
Total Expenditures	<u>18,769,181</u>	<u>590,793</u>	<u>222,676</u>	<u>775,051</u>	<u>20,357,701</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>568,971</u>		<u>(222,644)</u>	<u>(43,414)</u>	<u>302,913</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In				32	32
Transfers Out			(32)		(32)
Total Other Financing Sources/(Uses)			<u>(32)</u>	<u>32</u>	
Net Change in Fund Balances	568,971	-0-	(222,676)	(43,382)	302,913
Fund Balance - July 1	881,170	-0-	264,221	51,167	1,196,558
Fund Balance - June 30	<u>\$ 1,450,141</u>	<u>\$ -0-</u>	<u>\$ 41,545</u>	<u>\$ 7,785</u>	<u>\$ 1,499,471</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	302,913
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 differ from depreciation and the adjustment to the fixed asset appraisal in the period.		
	Depreciation expense	\$ (764,250)
	Capital outlays	271,491
	Adjustment to Fixed Assets Appraisal	<u>138,113</u>
		(354,646)
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in the accrual is reflected on the Statement of Activities.		
		3,000
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		2,219
Repayment of serial bonds 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.		
		590,000
Bond Issuance Costs- The governmental funds report the effect of these costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).		
		(7,006)
Discount - The governmental funds report the effect of a bond discount when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).		
		(1,975)
Deferred Interest- The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).		
		<u>(34,769)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>499,736</u></u>

THE ACCOMPANYING TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	Non-Major
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 50,317
Accounts Receivable:	
Federal	4,530
State	313
Interfund Receivable	113,970
Inventories	3,379
	172,509
Total Current Assets	172,509
Non-Current Assets:	
Capital Assets	120,530
Less: Accumulated Depreciation	(114,952)
	5,578
Total Non-Current Assets	5,578
Total Assets	178,087
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	20,899
Deferred Revenue	1,399
	22,298
Total Current Liabilities	22,298
<u>NET ASSETS:</u>	
Invested in Capital Assets, Net of Related Debt	5,578
Unrestricted	150,211
	155,789
Total Net Assets	\$ 155,789

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds
	Non-Major
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Lunch Program	\$ 207,787
Special Events	109
	207,896
Total Operating Revenue	207,896
Operating Expenses:	
Cost of Sales	142,847
Salaries, Benefits & Payroll Taxes	117,290
Purchased Professional Services	1,667
Management Fee	16,903
Depreciation Expense	1,565
Supplies	20,722
	300,994
Total Operating Expenses	300,994
Operating (Loss)	(93,098)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	4,128
Federal Sources	
National School Lunch Program	57,562
Special Milk Program	773
Food Distribution Program	23,130
	85,593
Total Non-Operating Revenue	85,593
Change in Net Assets	(7,505)
Net Assets - Beginning of Year	163,294
Net Assets - End of Year	\$ 155,789

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds Non-Major Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 207,896
Payments for Salaries and Benefits	(117,290)
Payments for Professional Services	(1,667)
Payments for Management Fees	(16,903)
Payments to Suppliers	(159,556)
Other Payments	(20,722)
Net Cash (Used) for Operating Activities	<u>(108,242)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>61,170</u>
Net Cash Provided by Noncapital Financing Activities	<u>61,170</u>
Net Decrease in Cash and Cash Equivalents	(47,072)
Cash and Cash Equivalents, July 1	<u>97,389</u>
Cash and Cash Equivalents, June 30	<u>\$ 50,317</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (93,098)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,565
Federal Food Distribution Program	23,130
Changes in Assets and Liabilities:	
Decrease in Inventory	1,403
(Increase) in Interfund Receivable	(61,170)
Increase in Accounts Payable	20,899
(Decrease) in Deferred Revenue	(971)
Net Cash (Used) for Operating Activities	<u>\$ (108,242)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$22,159 and utilized Commodities Valued at \$23,130.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	Trust		
	Unemployment Compensation Trust	IRC Section 125 Account	Agency
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 12,655	\$ 9,355	\$ 64,228
Interfund Receivable-General Fund			931
Total Assets	<u>12,655</u>	<u>9,355</u>	<u>65,159</u>
<u>LIABILITIES:</u>			
Interfund Payable-General Fund		1,000	
Payroll Deductions and Withholdings		8,355	13,656
Payroll Accruals			5,424
Rental Deposit Payable			18,381
Due to Various Groups			27,698
Total Liabilities	<u>-0-</u>	<u>9,355</u>	<u>65,159</u>
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims	<u>12,655</u>		
Total Net Assets	<u>\$ 12,655</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>IRC Section 125 Account</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 20,423	\$ 33,000
Budget Appropriation	29,000	
Total Contributions	<u>49,423</u>	<u>33,000</u>
Total Additions	<u>49,423</u>	<u>33,000</u>
DEDUCTIONS:		
Unemployment Compensation Claims	48,402	
Flex Account Expenditures		33,000
Total Deductions	<u>48,402</u>	<u>33,000</u>
Change in Net Assets	1,021	
Net Assets - Beginning of the Year	<u>11,634</u>	
Net Assets - End of the Year	<u>\$ 12,655</u>	<u>\$ -</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Lincoln Park Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

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

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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

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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria program. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the IRC Section 125 Trust Account, and the Unemployment Compensation Insurance Trust Fund.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office 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. 6:20-2A.2(m)1. Budget amendments/transfers are made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The Special Revenue Fund and General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the prior and current years. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,348,660	\$ 591,228
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		(435)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	190,169	
Current Year State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(200,677)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 19,338,152</u>	<u>\$ 590,793</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,769,181	\$ 591,228
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>(435)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 18,769,181</u>	<u>\$ 590,793</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit, with maturities of one year or less when purchased, are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts

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

H. 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 revenue at fiscal year end.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	30 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Fixed assets are not capitalized and related depreciation is not reported on the fund financial statements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long-Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bonds issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2010.

N. 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 rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's 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.

O. Deferred Revenue:

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated:

General Fund: Of the \$1,450,141 General Fund fund balance at June 30, 2010, \$255,905 is reserved in the capital reserve account; \$150,000 is reserved for the maintenance reserve account; \$591,578 is reserved for encumbrances; \$23,469 is designated for subsequent year's expenditures; \$134,475 is reserved for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012; \$77,240 is reserved for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011; and \$217,474 is unreserved and undesignated which is \$200,677 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: The \$41,545 fund balance in Capital Projects Fund balance at June 30, 2010 is unreserved and undesignated.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2010 of \$7,785 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2010 as noted above. The total excess surplus at June 30, 2010 was \$134,475.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$200,677, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Net Assets

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, capital, maintenance and excess surplus as defined by state law.

S. Revenue - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

T. Operating Revenue and Expenses

Operating revenue is those revenue that are generated directly from the primary activity of the enterprise fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

U. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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, and

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.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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

Accounts	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking and Savings Accounts	\$ 1,908,662	\$ 255,905	\$ 2,164,567
	\$ 1,908,662	\$ 255,905	\$ 2,164,567

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2010, was \$2,164,567 and the bank balance was \$3,916,213.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution during the fiscal year ended June 30, 2001 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance	\$ 55,840
Add: Interest Earned	65
Increase per Board Resolution June 29, 2010	200,000
Ending Balance	\$ 255,905

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is equal to or greater than \$255,905.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Lincoln Park Board of Education on June 29, 2010. The funds for the establishment of this reserve were withdrawn from undesignated unreserved general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 6. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2010, the District transferred \$38,657 to capital outlay for non-instructional equipment, which did not require County Superintendent approval.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 391,866	\$ 114,901
Special Revenue Fund		332,336
Capital Projects Fund		66,315
Debt Service Fund	61,315	53,530
Food Service Fund	113,970	
Agency Fund	931	1,000
	<u>\$ 568,082</u>	<u>\$ 568,082</u>

The interfund payable from the Debt Service Fund to the General Fund consists of a prior year interfund of \$10,118 along with a shortage in cash in the current year of \$43,412 which was eliminated through the General Fund. There was \$931 due from payroll agency fund which is also a part of a prior year interfund payable to General Fund, and \$1,000 from the Flex 125 account is also due General Fund for a current year advance made. The interfund between the Food Service Fund and the General Fund consists of federal and state lunch reimbursements collected in General Fund and due to the Food Service Fund for both current and prior years. The interfund between Capital Projects Fund and Debt Service Fund is for interest earned in the amount of \$61,315. The interfund between General Fund and Special Revenue fund of \$330,427 was created to cover a cash deficit for grant funds not yet received in Special Revenue Fund.

NOTE 8. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 153,320
Other Instruction	7,535
Student and Instruction Related Services	6,554
School Administrative Services	29,042
Operations and Maintenance of Plant	4,638
Student Transportation	6,417
Unallocated	556,744
	<u>\$ 764,250</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for this fiscal year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Adjustment to Fixed Asset Appraisal Report</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets not Being Depreciated:					
Sites (Land)	\$ 719,980				\$ 719,980
Construction in Progress	1,784,030	\$ 222,676			2,006,706
Total Capital Assets Not Being Depreciated	<u>2,504,010</u>	<u>222,676</u>			<u>2,726,686</u>
Capital Assets Being Depreciated:					
Buildings and Building Improvements	12,209,373				12,209,373
Machinery and Equipment	2,438,758	48,815	\$ (1,244)	\$ 138,113	2,624,442
Total Capital Assets Being Depreciated	<u>14,648,131</u>	<u>48,815</u>	<u>(1,244)</u>	<u>138,113</u>	<u>14,833,815</u>
Governmental Activities Capital Assets	<u>17,152,141</u>	<u>271,491</u>	<u>(1,244)</u>	<u>138,113</u>	<u>17,560,501</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(5,658,982)	(557,644)			(6,216,626)
Machinery and Equipment	(2,058,799)	(206,606)	1,244		(2,264,161)
	<u>(7,717,781)</u>	<u>(764,250)</u>	<u>1,244</u>	<u>-</u>	<u>(8,480,787)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,434,360</u>	<u>\$ (492,759)</u>	<u>\$ -0-</u>	<u>\$ 138,113</u>	<u>\$ 9,079,714</u>
Business Type Activities:					
Capital Assets Being Depreciated:					
Furniture and Equipment	\$ 120,530				\$ 120,530
Less Accumulated Depreciation	(113,387)	\$ (1,565)			(114,952)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,143</u>	<u>\$ (1,565)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,578</u>

The District had active construction projects totaling \$2,006,706 as of June 30, 2010. The projects are the construction of a new elementary school and renovation of other schools in the District.

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2009</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2010</u>	<u>Amounts Due in a Year</u>
Serial Bond Payable	\$ 5,305,000		\$ 590,000	\$ 4,715,000	\$ 585,000
Less: Deferred Amortization on Refunding	(243,377)		34,769	(208,608)	(34,769)
Net Serial Bonds Payable	<u>5,061,623</u>		<u>624,769</u>	<u>4,506,392</u>	<u>550,231</u>
Compensated Absences Payable	191,948	\$ 28,767	30,986	189,729	18,973
	<u>\$ 5,253,571</u>	<u>\$ 28,767</u>	<u>\$ 655,755</u>	<u>\$ 4,696,121</u>	<u>\$ 569,204</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 9. LONG-TERM OBLIGATIONS (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the school district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

On October 1, 2004, the District issued refunding school bonds of \$4,865,000 with interest rates ranging from 1.30% to 3.40% to advance refund \$4,340,000 school bonds with interest rates at 5.30%. The bonds mature on April 1, 2008 through 2016 and April 1, 2012 is the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on December 1, 2008. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

The District had serial bonds outstanding as of June 30, 2010 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
4/1/2016	1.65-3.40%	\$ 2,775,000
10/1/2023	4.125-4.375%	<u>1,940,000</u>
		<u>\$ 4,715,000</u>

Debt service requirements on serial bonds payable at June 30, 2010 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 585,000	\$ 168,411	\$ 753,411
2012	580,000	150,639	730,639
2013	575,000	131,739	706,739
2014	575,000	112,401	687,401
2015	570,000	92,307	662,307
2016-2020	1,280,000	224,251	1,504,251
2021-2023	<u>550,000</u>	<u>36,750</u>	<u>586,750</u>
	<u>\$ 4,715,000</u>	<u>\$ 916,498</u>	<u>\$ 5,631,498</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2010, there were no bonds authorized but not issued.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 9. LONG-TERM OBLIGATIONS (Cont'd)

C. Compensated Absence Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$18,973, and the long term portion is \$170,756. Compensated absences will be liquidated by the General Fund.

The liability for compensated absences of the proprietary fund types is recorded with these funds as benefits accrue to the employees. As of June 30, 2010, no liability existed for compensated absences in the Enterprise Fund.

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend for TPAF (Paid on-behalf of District)			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ -0-	100.00%	\$ -0-
2009	-0-	100.00%	-0-
2008	474,423	100.00%	474,423

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 106,469	100.00%	\$ 106,469
2009	93,185	100.00%	93,185
2008	68,441	80.00%	54,753

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or “phase-in” of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in the State fiscal year 2006
- Not more than 60% for payments due in the State fiscal year 2007
- Not more than 80% for payments due in the State fiscal year 2008

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees’ Retirement System (P.E.R.S.), 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed 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.

The State’s on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$405,281, \$392,514, and \$452,310 for 2010, 2009 and 2008, respectively.

NOTE 12. DEFERRED COMPENSATION

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

- |   |                                     |
|---|-------------------------------------|
| Equitable Life Insurance Company        | Metropolitan Life Insurance Company |
| Lincoln Investments                     | Copeland Companies                  |
| Lincoln National Life Insurance Company | Securities First Group              |

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 13. RISK MANAGEMENT

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

Property and Liability

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 to the State.

The following is a summary of District contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Budget Charge</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 29,000	\$ 20,423	\$ 48,402	\$ 12,655
2008-2009	22,000	19,921	42,864	11,634
2007-2008	-0-	43,475	36,452	12,577

The Lincoln Park Borough School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP's liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the prior fiscal year is as follows:

	<u>Pooled Insurance</u> <u>Program of New Jersey</u> <u>June 30, 2009</u>
Total Assets	\$ 18,004,519
Net Assets	\$ 5,033,407
Total Revenue	\$ 7,294,019
Total Expenses	\$ 5,800,018
Change in Net Assets	\$ 1,494,001
Net Assets Distribution to Participating Members	\$ 1,030,793

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Office of the Executive Director  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federal assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District. In addition, the Morris Passaic Bergen Health Insurance Fund, of which the District is a member, is in the process of closing operations, final assessments of participants may occur.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 16. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2010, were:

	<u>Governmental Activities</u>		<u>Total Governmental Types</u>	<u>Business - Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Proprietary Funds</u>
Vendors	\$ 915,603	\$ 80,855	\$ 996,458	\$ 20,899
	<u>\$ 915,603</u>	<u>\$ 80,855</u>	<u>\$ 996,458</u>	<u>\$ 20,899</u>

BUDGETARY COMPARISON SCHEDULES

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,104,842		\$ 16,104,842	\$ 16,104,842	
Tuition	20,000		20,000	17,750	\$ (2,250)
Interest on Investments	140,000		140,000	4,032	(135,968)
Interest Earned on Capital Reserve Funds	100		100	66	(34)
Other Restricted Miscellaneous Revenue	35,000		35,000	124	(34,876)
Unrestricted Miscellaneous Revenues	215,227		215,227	218,896	3,669
Total - Local Sources	<u>16,515,169</u>		<u>16,515,169</u>	<u>16,345,710</u>	<u>(169,459)</u>
State Sources:					
Transportation Aid	615,218		615,218	615,218	
Special Education Aid	662,610		662,610	662,610	
Security Aid	95,367		95,367	95,367	
Adjustment Aid	665,805		665,805	562,882	(102,923)
Extraordinary Aid	115,000		115,000	157,426	42,426
Nonpublic Transportation Aid				18,167	18,167
On-Behalf TPAF Noncontributory Group Insurance (Non-Budgeted)				21,579	21,579
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				405,281	405,281
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				464,420	464,420
Total State Sources	<u>2,154,000</u>		<u>2,154,000</u>	<u>3,002,950</u>	<u>848,950</u>
TOTAL REVENUES	<u>18,669,169</u>		<u>18,669,169</u>	<u>19,348,660</u>	<u>679,491</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 160,946	\$ 19,404	\$ 180,350	\$ 163,534	\$ 16,816
Grades 1-5 - Salaries of Teachers	1,859,976	61,696	1,921,672	1,921,649	23
Grades 6-8 - Salaries of Teachers	1,505,900	(51,040)	1,454,860	1,432,163	22,697
Regular Programs - Home Instruction:					
Salaries of Teachers	4,500	3,975	8,475	2,505	5,970
Regular Program - Undistributed Instruction:					
Other Salaries for Instruction	35,993		38,763	34,736	4,027
Purchased Professional Educational Services	16,878	890	17,768	11,678	6,090
Purchased Technical Services	292	3,202	3,494	3,387	107
Other Purchased Services (400-500 series)	43,687	5,022	48,709	44,022	4,687
General Supplies	174,594	2,386	176,980	133,304	43,676
Textbooks	29,228		29,228	28,050	1,178
Total Regular Programs - Instruction	<u>3,831,994</u>	<u>45,535</u>	<u>3,880,299</u>	<u>3,775,028</u>	<u>105,271</u>
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	336,275	73,707	409,982	409,961	21
Other Salaries for Instruction	198,311	1,190	199,501	198,686	815
Other Purchased Services (400-500 series)	267		267	267	
General Supplies	7,619		7,619	5,766	1,853
Total Learning and or Language Disabilities	<u>542,472</u>	<u>74,897</u>	<u>617,369</u>	<u>614,680</u>	<u>2,689</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 521,710	\$ (5,049)	\$ 516,661	\$ 510,791	5,870
General Supplies	2,233		2,233	1,911	\$ 322
Total Resource Room/Resource Center	<u>523,943</u>	<u>(5,049)</u>	<u>518,894</u>	<u>512,702</u>	<u>6,192</u>
Preschool Disabilities - Part-time:					
Salaries of Teachers	66,185	2,214	68,399	48,570	19,829
Other Salaries for Instruction	30,967	(9)	30,958	28,407	2,551
Other Purchased Services	31		31		31
General Supplies	1,509	(114)	1,395	1,103	292
Other Objects	400	(153)	247		247
Total Preschool Disabilities - Part-time	<u>99,092</u>	<u>1,938</u>	<u>101,030</u>	<u>78,080</u>	<u>22,950</u>
Total Special Education Instruction	<u>1,165,507</u>	<u>71,786</u>	<u>1,237,293</u>	<u>1,205,462</u>	<u>31,831</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	282,180		282,180	270,610	11,570
Total Basic Skills/Remedial - Instruction	<u>282,180</u>		<u>282,180</u>	<u>270,610</u>	<u>11,570</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 162,496	\$ (70,400)	\$ 92,096	\$ 88,735	\$ 3,361
General Supplies	3,711	500	4,211	654	3,557
Total Bilingual Education - Instruction	<u>166,207</u>	<u>(69,900)</u>	<u>96,307</u>	<u>89,389</u>	<u>6,918</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	33,445	1,980	35,425	35,425	
Total School-Sponsored Cocurricular Activities - Instruction	<u>33,445</u>	<u>1,980</u>	<u>35,425</u>	<u>35,425</u>	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	27,700	500	28,200	28,200	
Supplies and Materials	5,027	(500)	4,527	2,787	1,740
Other Objects	5,600		5,600	4,315	1,285
Total School-Sponsored Cocurricular Athletics - Instruction	<u>38,327</u>	<u></u>	<u>38,327</u>	<u>35,302</u>	<u>3,025</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Instructional Program - Instruction					
Salaries	\$ 91,135	\$ (1,980)	\$ 89,155	\$ 59,956	\$ 29,199
Other Purchased Services (400-500 Series)	1,810		1,810	800	1,010
Supplies and Materials	738		738	339	399
Other Objects	500		500		500
Total Other Instructional Program - Instruction	<u>94,183</u>	<u>(1,980)</u>	<u>92,203</u>	<u>61,095</u>	<u>31,108</u>
Total Instruction	<u>5,611,843</u>	<u>47,421</u>	<u>5,662,034</u>	<u>5,472,311</u>	<u>189,723</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	4,971,778	(63,657)	4,908,121	4,563,242	344,879
Tuition to Other LEAs Within the State - Special	958,974	(107,309)	851,665	789,587	62,078
Tuition to County Vocational School District - Special	4,500		4,500		4,500
Tuition to Private Schools for the Handicapped - Within State	929,508	(22,013)	907,495	622,803	284,692
Total Undistributed Expenditures - Instruction:	<u>6,864,760</u>	<u>(192,979)</u>	<u>6,671,781</u>	<u>5,975,632</u>	<u>696,149</u>
Attendance & Social Work:					
Salaries	2,000	687	2,687	2,000	687
Total Attendance & Social Work	<u>2,000</u>	<u>687</u>	<u>2,687</u>	<u>2,000</u>	<u>687</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 124,554	\$ 3,359	\$ 127,913	\$ 127,912	\$ 1
Other Purchased Services (400-500 Series)	890	100	990	467	523
Supplies and Materials	3,477		3,477	3,378	99
Other Objects	250		250	28	222
Total Health Services	<u>129,171</u>	<u>3,459</u>	<u>132,630</u>	<u>131,785</u>	<u>845</u>
Other Support Services - Speech, OT, PT and Related Services					
Salaries	150,511	2,900	153,411	153,410	1
Purchased Professional-Educational Services		75	75	47	28
Supplies and Materials	610	(75)	535	535	
Total Support Services - Speech, OT, PT and Related Services	<u>151,121</u>	<u>2,900</u>	<u>154,021</u>	<u>153,992</u>	<u>29</u>
Guidance:					
Salaries of Other Professional Staff	146,316	2,543	148,859	148,858	1
Purchased Professional - Educational Services	1,500		1,500		1,500
Other Purchased Services (400-500 Series)	124		124	28	96
Supplies and Materials	952		952	218	734
Other Objects	300		300		300
Total Guidance	<u>149,192</u>	<u>2,543</u>	<u>151,735</u>	<u>149,104</u>	<u>2,631</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 423,580	\$ 15,702	\$ 439,282	\$ 428,354	\$ 10,928
Salaries of Secretarial and Clerical Assistants	56,464	47	56,511	56,511	
Purchased Professional/Educational Services	164,120	(27,834)	136,286	103,812	32,474
Purchased Technical Services	3,900	750	4,650	3,779	871
Other Purchased Services (400-500 Series)	11,652	272	11,924	9,126	2,798
Supplies and Materials	3,795		3,795	3,225	570
Other Objects	1,500		1,500	1,189	311
<b>Total Child Study Team</b>	<b>665,011</b>	<b>(11,063)</b>	<b>653,948</b>	<b>605,996</b>	<b>47,952</b>
Improvement of Instructional Services:					
Other Salaries		34,110	34,110	34,110	
Purchased Prof-Educational Services	858		858	825	33
Other Purchased Services (400-500)	992		992	992	
<b>Total Improvement of Instructional Services</b>	<b>1,850</b>	<b>34,110</b>	<b>35,960</b>	<b>35,927</b>	<b>33</b>
Educational Media Services/School Library:					
Salaries	133,118	4,493	137,611	137,611	
Purchased Professional and Technical Services	1,300	(68)	1,232	967	265
Supplies and Materials	11,688	68	11,756	10,871	885
<b>Total Educational Media Services/School Library</b>	<b>146,106</b>	<b>4,493</b>	<b>150,599</b>	<b>149,449</b>	<b>1,150</b>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 11,287	\$ 417	\$ 11,704	\$ 1,998	\$ 9,706
Total Instructional Staff Training Services	<u>11,287</u>	<u>417</u>	<u>11,704</u>	<u>1,998</u>	<u>9,706</u>
Support Services - General Administration:					
Salaries	233,104		233,104	223,658	9,446
Legal Services	55,000	7,331	62,331	53,310	9,021
Audit Fees	41,000	9,900	50,900	35,900	15,000
Purchased Professional Services	9,000	(1,607)	7,393	7,210	183
Purchased Technical Services	28,772	(1,110)	27,662	19,216	8,446
Communications/Telephone	7,928		7,928	3,416	4,512
BOE Other Purchased Services	5,945		4,507	4,086	421
Other Purchased Services	105,379	(2,091)	103,288	88,734	14,554
General Supplies	7,467		7,467	3,764	3,703
BOE In-House Training/Meeting Supplies	1,000		1,000	656	344
Miscellaneous Expenditures	7,900		7,900	4,368	3,532
BOE membership Dues and Fees	12,021		12,021	10,084	1,937
Total Support Services - General Administration	<u>514,516</u>	<u>(2,091)</u>	<u>525,501</u>	<u>454,402</u>	<u>71,099</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	236,531		236,531	235,646	885
Salaries of Secretarial and Clerical Assistants	103,646		103,646	99,397	4,249
Other Purchased Services (400-500 Series)	10,300	349	10,649	4,870	5,779
Supplies and Materials	8,450	256	8,706	6,747	1,959
Other Objects	1,500	50	1,550	1,550	
Total Support Services - School Administration	<u>360,427</u>	<u>655</u>	<u>361,082</u>	<u>348,210</u>	<u>12,872</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 72,805	\$ 650	\$ 73,455	\$ 73,454	\$ 1
Cleaning, Repair and Maintenance Services	46,350	(14,572)	31,778	29,992	1,786
General Supplies	2,000	2,922	4,922	3,439	1,483
Total Required Maintenance of School Facilities	<u>121,155</u>	<u>(11,000)</u>	<u>110,155</u>	<u>106,885</u>	<u>3,270</u>
Custodial:					
Salaries	366,457		366,457	359,775	6,682
Purchased Professional and Technical Services	18,340		18,340	11,200	7,140
Cleaning, Repair and Maintenance Services	2,500		2,500	1,148	1,352
Other Purchased Property Services	10,900	250	11,150	10,476	674
Supplies and Materials	44,774	23,135	67,909	65,905	2,004
Energy (Heat and Electricity)	388,600	(11,918)	376,682	248,671	128,011
Other Objects	6,780	222	7,002	6,276	726
Total Custodial	<u>838,351</u>	<u>11,689</u>	<u>850,040</u>	<u>703,451</u>	<u>146,589</u>
Student Transportation Services:					
Salaries	11,696	456	12,152	12,151	1
Other Purchased Professional and Technical Services	2,800		2,800	2,800	
Contracted Services:					
Aid in Lieu - Non Public Students (Between Home and School) - Vendors	153,988	(13,871)	140,117	140,012	105
(Other than Between Home and School) Vendors	718,093	20,370	738,463	719,720	18,743
Special Education Students - Vendors	14,740	300	15,040	12,625	2,415
Management Fee - ESC and CTSA Transportation Program	342,215	4,681	346,896	346,896	
	43,368	676	44,044	35,892	8,152
Total Student Transportation Services	<u>1,286,900</u>	<u>12,612</u>	<u>1,299,512</u>	<u>1,270,096</u>	<u>29,416</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Central Services:					
Salaries	\$ 338,402	\$ 2,365	\$ 340,767	\$ 339,601	\$ 1,166
Purchased Technical Services	11,825	194	12,019	10,199	1,820
Miscellaneous Purchased Services (400-500 Series)	10,058	966	11,024	9,579	1,445
Supplies and Materials	7,869	(287)	7,582	6,838	744
Other Objects	4,500	(880)	3,620	3,163	457
<b>Total Central Services</b>	<b>372,654</b>	<b>2,358</b>	<b>375,012</b>	<b>369,380</b>	<b>5,632</b>
<b>Total Undistributed Expenditures</b>	<b>11,614,501</b>	<b>(141,210)</b>	<b>11,486,367</b>	<b>10,458,307</b>	<b>1,028,060</b>
<b>Regular Instruction - Allocated Benefits:</b>					
Tuition Reimbursement	21,000		21,000	21,000	
Social Security	9,605	1,711	11,316	11,316	
Unemployment Compensation	31,500		31,500	29,000	2,500
Workers Compensation	35,129	(1,511)	33,618	28,586	5,032
Health Benefits	710,048	51,015	761,063	749,790	11,273
<b>Total Regular Programs - Allocated Benefits</b>	<b>807,282</b>	<b>51,215</b>	<b>858,497</b>	<b>839,692</b>	<b>18,805</b>
<b>Special Education - Instruction - Allocated Benefits:</b>					
Social Security	15,170	561	15,731	15,731	
Workers Compensation	6,037	(561)	5,476	4,906	570
Health Benefits	100,853	905	101,758	99,948	1,810
<b>Total Special Education - Allocated Benefits</b>	<b>122,060</b>	<b>905</b>	<b>122,965</b>	<b>120,585</b>	<b>2,380</b>
<b>Resource Room/Resource Center - Allocated Benefits:</b>					
Workers Compensation	5,930		5,930	5,930	
Health Benefits	99,072		99,072	99,072	
<b>Total Resource Room/Resource Center - Allocated Benefits</b>	<b>105,002</b>		<b>105,002</b>	<b>105,002</b>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped-Part time - Allocated Benefits:					
Social Security	\$ 1,987		\$ 1,987	\$ 1,987	
Workers Compensation	1,369		1,369	1,113	\$ 256
Health Benefits	22,866		22,866	22,866	
Total Preschool Handicapped Part Time - Allocated Benefits	<u>26,222</u>		<u>26,222</u>	<u>25,966</u>	<u>256</u>
Basic Skills/Remedial - Instruction - Allocated Benefits					
Workers Compensation	3,207	\$ (200)	3,007	2,604	403
Health Benefits	53,585		53,585	53,585	
Total Basic Skills/Remedial - Allocated Benefits	<u>56,792</u>	<u>(200)</u>	<u>56,592</u>	<u>56,189</u>	<u>403</u>
Bilingual Education - Instruction - Allocated Benefits:					
Workers Compensation	1,847	(347)	1,500	1,500	
Health Benefits	30,858		30,858	30,858	
Total Bilingual Education - Allocated Benefits	<u>32,705</u>	<u>(347)</u>	<u>32,358</u>	<u>32,358</u>	
School-Sponsored Cocurricular Activities-Instruction-Allocated Benefits:					
Social Security	2,840		2,840	2,840	
Workers Compensation	422		422	347	75
Total School Sponsored Cocurriculum Activities - Allocated Benefits	<u>3,262</u>		<u>3,262</u>	<u>3,187</u>	<u>75</u>
School-Sponsored Cocurricular Athletics-Instruction-Allocated Benefits:					
Social Security	2,119		2,119	2,119	
Workers Compensation	315		315	255	60
Total School Sponsored Athletics - Allocated Benefits	<u>2,434</u>		<u>2,434</u>	<u>2,374</u>	<u>60</u>
Other Instructional Program - Instruction-Allocated Benefits:					
Social Security	6,972		6,972	6,972	
Workers Compensation	1,036		1,036	840	196
Health Benefits	17,306		17,306	17,306	
Total Other Instructional Program - Allocated Benefits	<u>25,314</u>		<u>25,314</u>	<u>25,118</u>	<u>196</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Attendance & Social Work - Allocated Benefits:					
Social Security	\$ 153		\$ 153	\$ 153	
Total Attendance & Social Work - Allocated Benefits	<u>153</u>		<u>153</u>	<u>153</u>	
Health Services - Allocated Benefits:					
Social Security	3,328		3,328	3,328	
Workers Compensation	1,416		1,416	1,160	\$ 256
Health Benefits	23,653		23,653	23,653	
Total Health Benefits - Allocated Benefits	<u>28,397</u>		<u>28,397</u>	<u>28,141</u>	<u>256</u>
Other Support Services - Speech, OT,PT and Related Services-Allocated Benefits:					
Workers Compensation	1,711		1,711	1,394	317
Benefits	28,582		28,582	28,582	
Total Other Support Services - Related Services-Allocated Benefits	<u>30,293</u>		<u>30,293</u>	<u>29,976</u>	<u>317</u>
Other Support Services - Students - Regular Services - Allocated Benefits:					
Workers Compensation	1,663		1,663	1,346	317
Health Benefits	27,785		27,785	27,785	
Total Other Support Services - Regular Services-Allocated Benefits	<u>29,448</u>		<u>29,448</u>	<u>29,131</u>	<u>317</u>
Other Support Services -Guidance - Allocated Benefits:					
Social Security	4,319		4,319	4,319	
Workers Compensation	5,443		5,443	4,433	1,010
Health Benefits	90,932		90,932	90,932	
Total Other Support Services - Guidance -Allocated Benefits	<u>100,694</u>		<u>100,694</u>	<u>99,684</u>	<u>1,010</u>
Improvement of Instructional Services - Allocated Benefits:					
Social Security	5,023		5,023	5,023	
Workers Compensation	756		756	620	136
Health Benefits	7,294		7,294	7,294	
Total Improvement of Instructional Services - Allocated Benefits	<u>13,073</u>		<u>13,073</u>	<u>12,937</u>	<u>136</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library- Allocated Benefits:					
Social Security	\$ 2,096		\$ 2,096	\$ 2,096	
Workers Compensation	1,669		1,669	1,352	\$ 317
Health Benefits	27,881		27,881	27,881	
Total Educational Media School/Library - Allocated Benefits	<u>31,646</u>		<u>31,646</u>	<u>31,329</u>	<u>317</u>
Support Services - General Administration - Allocated Benefits:					
Social Security	17,832		17,832	17,832	
Workers Compensation	2,650		2,650	1,535	1,115
Health Benefits	44,266		44,266	44,266	
Total Support Services - General Administration - Allocated Benefits	<u>64,748</u>		<u>64,748</u>	<u>63,633</u>	<u>1,115</u>
Support Services - School Administration - Allocated Benefits:					
Social Security	7,412		7,412	7,412	
Workers Compensation	3,790		3,790	2,464	1,326
Health Benefits	63,317		63,317	63,317	
Total Support Services-School Administration-Allocated Benefits	<u>74,519</u>		<u>74,519</u>	<u>73,193</u>	<u>1,326</u>
Required Maintenance of School Facilities - Allocated Benefits:					
Social Security	5,570		5,570	5,570	
Workers Compensation	828		828	677	151
Health Benefits	13,826		13,826	13,826	
Total required Maintenance of School Facilities - Allocated Benefits	<u>20,224</u>		<u>20,224</u>	<u>20,073</u>	<u>151</u>
Custodial - Allocated Benefits:					
Social Security	30,878		30,878	30,878	
Workers Compensation	4,630		4,630	3,771	859
Health Benefits	79,058		79,058	79,058	
Total Custodial - Allocated Benefit	<u>114,566</u>		<u>114,566</u>	<u>113,707</u>	<u>859</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services - Allocated Benefits:					
Social Security	\$ 895		\$ 895	\$ 895	
Workers Compensation	133		133	103	\$ 30
Total Student Transportation Services - Allocated Benefits	<u>1,028</u>		<u>1,028</u>	<u>998</u>	<u>30</u>
Central Services - Allocated Benefits:					
Social Security	21,896		21,896	21,335	561
Other Retirement Contributions		\$ 106,469	106,469	106,469	
Workers Compensation	3,253	(55)	3,198	2,017	1,181
Health Benefits	54,355		54,355	54,355	
Total Central Services - Allocated Benefits	<u>79,504</u>	<u>106,414</u>	<u>185,918</u>	<u>184,176</u>	<u>1,742</u>
Total Allocated Benefits	<u>1,769,366</u>	<u>157,987</u>	<u>1,927,353</u>	<u>1,897,602</u>	<u>29,751</u>
On-Behalf Contributions:					
On-Behalf TPAF Noncontributory Group Insurance (Non-Budgeted)				21,579	(21,579)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				405,281	(405,281)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				464,420	(464,420)
Total On-Behalf Contributions				<u>891,280</u>	<u>(891,280)</u>
Total Benefits	<u>1,769,366</u>	<u>157,987</u>	<u>1,927,353</u>	<u>2,788,882</u>	<u>(861,529)</u>
TOTAL CURRENT EXPENSE	<u>18,995,710</u>	<u>64,198</u>	<u>19,075,754</u>	<u>18,719,500</u>	<u>356,254</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries	\$ 11,782	\$ 1,040	\$ 12,822	\$ 3,987	\$ 8,835
Supplies and Materials	1,050		1,050	602	448
Total Summer School - Instruction	<u>12,832</u>	<u>1,040</u>	<u>13,872</u>	<u>4,589</u>	
Other Special Schools - Instruction:					
Salaries	5,265		5,265	1,245	4,020
Supplies and Materials	1,400		1,400		1,400
Other Objects	300		300		300
Total Other Special Schools - Instruction	<u>6,965</u>		<u>6,965</u>	<u>1,245</u>	<u>5,720</u>
TOTAL SPECIAL SCHOOLS	<u>19,797</u>	<u>1,040</u>	<u>20,837</u>	<u>5,834</u>	<u>5,720</u>
CAPITAL OUTLAY:					
Regular Programs - Instruction:					
Grades 1-5	3,800		3,800		3,800
Undistributed Expenditures:					
Required Maintenance for School Facilities	5,748	38,657	44,405	43,847	558
Total Equipment	<u>9,548</u>	<u>38,657</u>	<u>48,205</u>	<u>43,847</u>	<u>4,358</u>
TOTAL CAPITAL OUTLAY	<u>9,548</u>	<u>38,657</u>	<u>48,205</u>	<u>43,847</u>	<u>4,358</u>
TOTAL EXPENDITURES	<u>19,025,055</u>	<u>103,895</u>	<u>19,144,796</u>	<u>18,769,181</u>	<u>366,332</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(355,886)</u>	<u>(103,895)</u>	<u>(475,627)</u>	<u>579,479</u>	<u>1,055,106</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 1,071,339		\$ 1,071,339	\$ 1,071,339	
Fund Balance, June 30	\$ 715,453	\$ (103,895)	\$ 595,712	\$ 1,650,818	\$ 1,055,106
<u>Recapitulation:</u>					
Capital Reserve				\$ 255,905	
Maintenance Reserve				150,000	
Reserve for Encumbrances				591,578	
Excess Surplus - Designated for Subsequent Year's Expenditures				77,240	
Excess Surplus				134,475	
Designated for Subsequent Year's Expenditures				23,469	
Unreserved-Undesignated				418,151	
				<u>1,650,818</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payment not Recognized on GAAP Basis				<u>(200,677)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,450,141</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
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:					
State Sources	\$ 14,150	\$ 4,111	\$ 18,261	\$ 15,626	\$ (2,635)
Federal Sources	345,982	303,365	649,347	575,602	(73,745)
Total Revenues	<u>360,132</u>	<u>307,476</u>	<u>667,608</u>	<u>591,228</u>	<u>(76,380)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	71,588	19,923	91,511	70,498	21,013
Other Purchased Services		122,852	122,852	122,176	676
Tuition	274,394	(764)	273,630	273,630	
General Supplies		71,320	71,320	61,868	9,452
Textbooks	1,000	42	1,042	962	80
Total Instruction	<u>346,982</u>	<u>213,373</u>	<u>560,355</u>	<u>529,134</u>	<u>31,221</u>
Support Services					
Personal Service - Employee Benefits		11,308	11,308	6,845	4,463
Purchased Professional/Educational Services	12,400	25,741	38,141	34,352	3,789
Purchased Professional/Technical Services	750	7,958	8,708	8,108	600
Other Purchased Services		7,672	7,672	7,672	
Supplies and Materials		149	149	149	
Total Support Services	<u>13,150</u>	<u>52,828</u>	<u>65,978</u>	<u>57,126</u>	<u>8,852</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		41,275	41,275	4,968	36,307
Total Facilities Acquisition and Construction Services		<u>41,275</u>	<u>41,275</u>	<u>4,968</u>	<u>36,307</u>
Total Expenditures	<u>\$ 360,132</u>	<u>\$ 307,476</u>	<u>\$ 667,608</u>	<u>\$ 591,228</u>	<u>\$ 76,380</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 19,348,660	\$ 591,228
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		(435)
Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Statements	190,169	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(200,677)	
	<u>\$ 19,338,152</u>	<u>\$ 590,793</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 18,769,181	\$ 591,228
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.		(435)
	<u>\$ 18,769,181</u>	<u>\$ 590,793</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

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. 6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind				
	Title I	Title II	Title II Carryover	Title III Carryover	Title IV
REVENUE:					
State Sources					
Federal Sources	\$ 60,596	\$ 20,034	\$ 1,045	\$ 72	\$ 1,935
Total Revenue	60,596	20,034	1,045	72	1,935
EXPENDITURES:					
Instruction:					
Salaries of Teachers	42,410	2,600			
Purchased Professional - Technical Services					
Other Purchased Services (400-500 series)					
Tuition					
General Supplies	9,007	1,657	896	72	
Textbooks					
Total Instruction	51,417	4,257	896	72	
Support Services:					
Personal Service - Employee Benefits	6,465	380			
Purchased Professional - Educational Services	650	9,789			1,935
Purchased Technical Services					
Other Purchased Services (400-500 series)	2,064	5,608			
Supplies and Materials			149		
Total Support Services	9,179	15,777	149		1,935
Facilities Acquisition and construction services:					
Instructional Equipment					
Total Facilities Acquisition and construction services					
Total Expenditures	\$ 60,596	\$ 20,034	\$ 1,045	\$ 72	\$ 1,935

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B Basic	IDEA Part B Preschool	IDEA Part B Basic ARRA	IDEA Part B Preschool ARRA	Title I ARRA
REVENUE:					
State Sources					
Federal Sources	\$ 266,776	\$ 9,054	\$ 198,410	\$ 7,153	\$ 10,527
Total Revenue	<u>266,776</u>	<u>9,054</u>	<u>198,410</u>	<u>7,153</u>	<u>10,527</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers			25,488		
Other Purchased Services (400-500 series)			121,352	824	
Tuition	264,776	8,854			
General Supplies	1,000	200	35,555	3,054	10,427
Textbooks					
Total Instruction	<u>265,776</u>	<u>9,054</u>	<u>182,395</u>	<u>3,878</u>	<u>10,427</u>
Support Services:					
Personal Service - Employee Benefits					
Purchased Professional - Educational Services	1,000		6,214		100
Purchased Technical Services			6,108	2,000	
Other Purchased Services (400-500 series)					
Supplies and Materials					
Total Support Services	<u>1,000</u>		<u>12,322</u>	<u>2,000</u>	<u>100</u>
Facilities Acquisition and construction services:					
Instructional Equipment			3,693	1,275	
Total Facilities Acquisition and construction services			<u>3,693</u>	<u>1,275</u>	
Total Expenditures	<u>\$ 266,776</u>	<u>\$ 9,054</u>	<u>\$ 198,410</u>	<u>\$ 7,153</u>	<u>\$ 10,527</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Non Public Handicapped Services</u>		<u>Non Public Nursing</u>		<u>Non Public Textbooks</u>		<u>Totals</u>
	<u>Examination and Classification</u>						
REVENUE:							
State Sources	\$ 13,429		\$ 1,235		\$ 962		\$ 15,626
Federal Sources							575,602
							<hr/>
Total Revenue	13,429		1,235		962		591,228
							<hr/>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							70,498
Other Purchased Services (400-500 series)							122,176
Tuition							273,630
General Supplies							61,868
Textbooks					962		962
							<hr/>
Total Instruction					962		529,134
							<hr/>
Support Services:							
Personal Service - Employee Benefits							6,845
Purchased Professional - Educational Services	13,429		1,235				34,352
Purchased Technical Services							8,108
Other Purchased Services (400-500 series)							7,672
Supplies and Materials							149
							<hr/>
Total Support Services	13,429		1,235				57,126
							<hr/>
Facilities Acquisition and construction services:							
Instructional Equipment							4,968
							<hr/>
Total Facilities Acquisition and construction services							4,968
							<hr/>
Total Expenditures	\$ 13,429		\$ 1,235		\$ 962		\$ 591,228
							<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

CAPITAL PROJECTS FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenue and Other Financing Sources:	
Interest Earned	\$       32
	<hr/>
Total Revenue and Other Financing Sources	32
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	24,328
Construction Services	198,348
	<hr/>
Total Expenditures	222,676
	<hr/>
Other Financing Uses:	
Transfer to Debt Service Fund	32
	<hr/>
Total Expenditures and Other Financing Uses	222,708
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(222,676)
	<hr/>
Fund Balance - Beginning of Year	264,221
	<hr/>
Fund Balance - End of Year	\$     41,545
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS- BUDGETARY BASIS  
MIDDLE AND ELEMENTARY SCHOOL RENOVATIONS AND ELEMENTARY SCHOOL NEW CONSTRUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 2,146,000		\$ 2,146,000	\$ 2,146,000
Total Revenue and Other Financing Sources	2,146,000		2,146,000	2,146,000
Expenditures:				
Purchased Professional and Technical Services	344,896	\$ 24,328	369,224	406,000
Construction Services	1,536,883	198,348	1,735,231	1,740,000
Total Expenditures and Other Financing Uses	1,881,779	222,676	2,104,455	2,146,000
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 264,221	\$ (222,676)	\$ 41,545	\$ -0-

Additional Project Information:

Bonds Authorized Date	10/1/2007
Bonds Authorized	\$ 2,146,000
Bonds Issued	\$ 2,146,000
Original Authorized Cost	\$ 2,146,000

Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	98.06%
Original Target Completion Date	12/31/2009
Revised Target Completion Date	9/30/2010

PROPRIETARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 50,317
Accounts Receivable:	
Federal	4,530
State	313
Interfund Receivable	113,970
Inventories	3,379
	<hr/>
Total Current Assets	172,509
	<hr/>
Capital Assets:	
Equipment	120,530
Less: Accumulated Depreciation	(114,952)
	<hr/>
Total Capital Assets	5,578
	<hr/>
Total Assets	178,087
	<hr/>

LIABILITIES:

Current Liabilities:	
Accounts Payable - Vendors	20,899
Deferred Revenue	1,399
	<hr/>
Total Current Liabilities	22,298
	<hr/>

NET ASSETS:

Investment in Capital Assets Net of Related Debt	5,578
Unrestricted	150,211
	<hr/>
Total Net Assets	\$ 155,789
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 207,787
School Lunch Program	109
Special events	<u>109</u>
Total Operating Revenue	<u>207,896</u>
Operating Expenses:	
Cost of Sales	142,847
Salaries, Benefits & Payroll Taxes	117,290
Purchased Professional and Technical Services	1,667
Management Fee	16,903
Depreciation Expense	1,565
Supplies and Repairs	<u>20,722</u>
Total Operating Expenses	<u>300,994</u>
Operating (Loss)	<u>(93,098)</u>
Non-Operating Income:	
State Sources	
State School Lunch Program	4,128
Federal Sources	
National School Lunch Program	57,562
Special Milk Program	773
Food Distribution Program	<u>23,130</u>
Total Non-Operating Revenue	<u>85,593</u>
Change in Net Assets	(7,505)
Net Assets - Beginning of Year	<u>163,294</u>
Net Assets - End of Year	<u><u>\$ 155,789</u></u>

Exhibit G-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 207,896
Payments for Salaries and Benefits	(117,290)
Payments to Professional Services	(1,667)
Payments for Management Fees	(16,903)
Payments to Suppliers	(159,556)
Other Payments	(20,722)
	<hr/>
Net Cash (Used) for Operating Activities	(108,242)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	61,170
	<hr/>
Net Cash Provided by Noncapital Financing Activities	61,170
	<hr/>
Net Decrease in Cash and Cash Equivalents	(47,072)
Cash and Cash Equivalents, July 1	97,389
	<hr/>
Cash and Cash Equivalents, June 30	\$ 50,317
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (93,098)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,565
Federal Food Distribution Program	23,130
Changes in Assets and Liabilities:	
Decrease in Inventory	1,403
(Increase) in Interfund Receivable	(61,170)
Increase in Accounts Payable	20,899
(Decrease) in Deferred Revenue	(971)
	<hr/>
Net Cash (Used) for Operating Activities	\$ (108,242)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$22,159 and utilized Commodities Valued at \$23,130.

FIDUCIARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
FISCAL YEAR ENDED JUNE 30, 2010

	Agency			Trust		
	Student Activity	Payroll	Rental Deposit	Total	IRC Section 125 Account	Unemployment Compensation Trust
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 27,698	\$ 18,149	\$ 18,381	\$ 64,228	\$ 9,355	\$ 12,655
Interfund Receivable-General Fund		931		931		
<b>Total Assets</b>	<b>27,698</b>	<b>19,080</b>	<b>18,381</b>	<b>65,159</b>	<b>9,355</b>	<b>12,655</b>
<u>LIABILITIES:</u>						
Interfund Payable-General Fund					1,000	
Payroll Deductions and Withholdings		13,656		13,656		
Payroll Accruals		5,424		5,424		
Rental Deposit Payable			18,381	18,381		
Due to Various Groups	27,698			27,698	8,355	
<b>Total Liabilities</b>	<b>27,698</b>	<b>19,080</b>	<b>18,381</b>	<b>65,159</b>	<b>9,355</b>	
<u>NET ASSETS:</u>						
Held in Trust for Unemployment Claims						12,655
<b>Total Net Assets</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 12,655</b>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>IRC Section 125 Account</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 20,423	\$ 33,000
Budget Appropriation	29,000	
Total Additions	<u>49,423</u>	<u>33,000</u>
DEDUCTIONS:		
Unemployment Compensation Claims	48,402	
Flex Account Expenditures		33,000
Total Deductions	<u>48,402</u>	<u>33,000</u>
Change in Net Assets	1,021	
Net Assets - Beginning of the Year	<u>11,634</u>	
Net Assets - End of the Year	<u>\$ 12,655</u>	<u>\$ -</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 21,008	\$ 60,625	\$ 53,935	\$ 27,698
Total Assets	<u>\$ 21,008</u>	<u>\$ 60,625</u>	<u>\$ 53,935</u>	<u>\$ 27,698</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 21,008	\$ 60,625	\$ 53,935	\$ 27,698
Total Liabilities	<u>\$ 21,008</u>	<u>\$ 60,625</u>	<u>\$ 53,935</u>	<u>\$ 27,698</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 67,736	\$ 8,352,901	\$ 8,402,488	\$ 18,149
Interfund Receivable- General Fund	931			931
<b>Total Assets</b>	<b>\$ 68,667</b>	<b>\$ 8,352,901</b>	<b>\$ 8,402,488</b>	<b>\$ 19,080</b>
<b>Liabilities</b>				
Wages and Salaries		\$ 4,701,485	\$ 4,701,485	
Payroll Deductions & Withholdings	\$ 59,370	3,645,992	3,691,706	\$ 13,656
Accrued Salaries & Wages	9,297	5,424	9,297	5,424
<b>Total Liabilities</b>	<b>\$ 68,667</b>	<b>\$ 8,352,901</b>	<b>\$ 8,402,488</b>	<b>\$ 19,080</b>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
RENTAL DEPOSIT AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,340	\$ 48	\$ 7	\$ 18,381
Total Assets	<u>\$ 18,340</u>	<u>\$ 48</u>	<u>\$ 7</u>	<u>\$ 18,381</u>
<u>LIABILITIES:</u>				
Rental Deposits Payable	\$ 18,340	\$ 48	\$ 7	\$ 18,381
Total Liabilities	<u>\$ 18,340</u>	<u>\$ 48</u>	<u>\$ 7</u>	<u>\$ 18,381</u>

Exhibit H-6

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
ATHLETIC ACCOUNT  
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Cash and Cash Equivalents	\$ -0-	\$ 9,265	\$ 9,265	\$ -0-
Total Assets	<u>\$ -0-</u>	<u>\$ 9,265</u>	<u>\$ 9,265</u>	<u>\$ -0-</u>
Liabilities				
Due to Various Groups	\$ -0-	\$ 9,265	\$ 9,265	\$ -0-
Total Liabilities	<u>\$ -0-</u>	<u>\$ 9,265</u>	<u>\$ 9,265</u>	<u>\$ -0-</u>

LONG-TERM DEBT

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Issue	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2009	Matured	Balance June 30, 2010
			Date	Amount				
Refunding Bond of 1996 Issue	10/1/2004	\$ 4,865,000	4/1/2011	\$ 470,000	2.750%	\$ 3,255,000	\$ 480,000	\$ 2,775,000
			4/1/2012	460,000	3.000%			
			4/1/2013	450,000	3.100%			
			4/1/2014	445,000	3.250%			
			4/1/2015	435,000	3.350%			
			4/1/2016	515,000	3.400%			
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2007	2,146,000	10/1/10	115,000	4.125%	2,050,000	110,000	1,940,000
			10/1/11	120,000	4.125%			
			10/1/12	125,000	4.200%			
			10/1/13	130,000	4.250%			
			10/1/14	135,000	4.250%			
			10/1/15	140,000	4.250%			
			10/1/16	145,000	4.375%			
			10/1/17	155,000	4.375%			
			10/1/18	160,000	4.375%			
			10/1/19	165,000	4.375%			
			10/1/20	175,000	4.375%			
			10/1/21	185,000	4.375%			
			10/1/22	190,000	4.375%			
						\$ 5,305,000	\$ 590,000	\$ 4,715,000

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 656,953		\$ 656,953	\$ 656,953	
State Sources:					
Debt Service Type II Aid	74,684		74,684	74,684	
Total Revenue	<u>731,637</u>		<u>731,637</u>	<u>731,637</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	185,052		185,052	185,051	\$ 1
Redemption of Principal	590,000		590,000	590,000	
Total Regular Debt Service	<u>775,052</u>		<u>775,052</u>	<u>775,051</u>	<u>1</u>
Total Expenditures	<u>775,052</u>		<u>775,052</u>	<u>775,051</u>	<u>1</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(43,415)</u>		<u>(43,415)</u>	<u>(43,414)</u>	<u>1</u>
Other Financing Sources:					
Transfer In from Capital Projects Fund				32	32
Total Other Financing Sources				<u>32</u>	<u>32</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>(43,415)</u>		<u>(43,415)</u>	<u>(43,382)</u>	<u>33</u>
Fund Balance, July 1	<u>51,167</u>		<u>51,167</u>	<u>51,167</u>	
Fund Balance, June 30	<u>\$ 7,752</u>	<u>\$ -0-</u>	<u>\$ 7,752</u>	<u>\$ 7,785</u>	<u>\$ 33</u>
<u>Recapitulation:</u>					
Unreserved - Undesignated				<u>\$ 7,785</u>	
				<u>\$ 7,785</u>	

**STATISTICAL SECTION**

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.</p>	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NET ASSETS BY COMPONENT,  
LAST SIX FISCAL YEARS  
*(accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 4,460,089	\$ 4,955,476	\$ 5,081,807	\$ 4,844,978	\$ 4,635,357	\$ 4,614,867
Restricted	1,176,754	1,284,068	1,312,789	581,394	318,965	1,216,983
Unrestricted	201,053	177,298	167,183	417,526	461,093	83,301
<b>Total governmental activities net assets</b>	<u>\$ 5,837,896</u>	<u>\$ 6,416,842</u>	<u>\$ 6,561,779</u>	<u>\$ 5,843,898</u>	<u>\$ 5,415,415</u>	<u>\$ 5,915,151</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 11,771	\$ 16,353	\$ 9,858	\$ 8,708	\$ 7,143	\$ 5,578
Unrestricted/(Deficit)	(34)	31,085	69,319	102,072	156,151	150,211
<b>Total business-type activities net assets</b>	<u>\$ 11,737</u>	<u>\$ 47,438</u>	<u>\$ 79,177</u>	<u>\$ 110,780</u>	<u>\$ 163,294</u>	<u>\$ 155,789</u>
<b>District-wide</b>						
Invested in capital assets, net of related debt	\$ 4,471,860	\$ 4,971,829	\$ 5,091,665	\$ 4,853,686	\$ 4,642,500	\$ 4,620,445
Restricted	1,176,754	1,284,068	1,311,345	581,394	318,965	1,216,983
Unrestricted	201,019	208,383	237,946	519,598	617,244	233,512
<b>Total district net assets</b>	<u>\$ 5,849,633</u>	<u>\$ 6,464,280</u>	<u>\$ 6,640,956</u>	<u>\$ 5,954,678</u>	<u>\$ 5,578,709</u>	<u>\$ 6,070,940</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS  
*(accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Expenses</b>						
<b>Governmental activities</b>						
Instruction						
Regular	\$ 5,142,063	\$ 5,318,089	\$ 5,316,585	\$ 5,557,259	\$ 5,394,709	\$ 5,710,472
Special education	1,320,970	779,847	1,796,244	1,776,710	1,557,804	1,651,064
Other special education	364,133	641,387	536,709	542,506	487,811	490,294
Other instruction	223,694	683,889	285,622	285,660	204,986	184,394
Support Services:						
Tuition	4,409,001	4,650,079	4,763,495	6,033,399	6,046,648	5,975,632
Student & instruction related services	1,823,412	1,837,584	1,714,602	1,674,695	1,674,363	1,594,648
School administrative services	520,931	629,455	430,254	530,952	526,612	543,864
General administrative services	663,742	546,856	679,538	495,491	495,414	488,749
Plant operations and maintenance	995,052	1,068,160	1,183,708	1,141,699	1,056,821	999,086
Pupil transportation	1,037,603	1,054,060	1,115,266	1,175,584	1,178,615	1,278,923
Central services	278,647	365,618	467,435	521,792	513,490	592,878
Capital Outlay			27,545		121,611	
Special Schools	6,109	10,486	7,731	11,698	11,900	6,442
Interest on long-term debt	188,424	190,560	170,642	161,684	295,104	225,801
Unallocated depreciation	289,432	352,489	278,715	557,302	556,744	556,744
<b>Total governmental activities expenses</b>	<u>17,263,213</u>	<u>18,774,091</u>	<u>18,774,091</u>	<u>20,466,431</u>	<u>20,122,632</u>	<u>20,298,991</u>
<b>Business-type activities:</b>						
Food service	297,568	314,482	322,650	326,555	314,062	300,994
<b>Total business-type activities expense</b>	<u>297,568</u>	<u>314,482</u>	<u>322,650</u>	<u>326,555</u>	<u>314,062</u>	<u>300,994</u>
<b>Total district expenses</b>	<u>17,560,781</u>	<u>18,443,041</u>	<u>19,096,741</u>	<u>20,792,986</u>	<u>20,436,694</u>	<u>20,599,985</u>
 <b>Program Revenues</b>						
<b>Governmental activities:</b>						
Operating grants and contributions	3,231,770	3,344,220	3,789,326	3,867,235	3,219,020	3,583,235
<b>Total governmental activities program revenues</b>	<u>3,231,770</u>	<u>3,344,220</u>	<u>3,789,326</u>	<u>3,867,235</u>	<u>3,219,020</u>	<u>3,583,235</u>
 <b>Business-type activities:</b>						
Charges for services						
Food service	213,036	217,242	215,482	209,797	219,364	207,896
Operating grants and contributions	55,520	60,021	63,394	66,661	67,692	85,593
<b>Total business type activities program revenues</b>	<u>268,556</u>	<u>277,263</u>	<u>278,876</u>	<u>276,458</u>	<u>287,056</u>	<u>293,489</u>
<b>Total district program revenues</b>	<u>3,500,326</u>	<u>3,621,483</u>	<u>4,068,202</u>	<u>4,143,693</u>	<u>3,506,076</u>	<u>3,876,724</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS  
(accrual basis of accounting)  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (14,031,443)	\$ (14,984,765)	\$ (14,984,765)	\$ (16,599,196)	\$ (16,903,612)	\$ (16,715,756)
Business-type activities	(29,012)	(43,774)	(43,774)	(50,097)	(27,006)	(7,505)
Total district-wide net expense	<u>(14,060,455)</u>	<u>(15,028,539)</u>	<u>(15,028,539)</u>	<u>(16,649,293)</u>	<u>(16,930,618)</u>	<u>(16,723,261)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Property taxes levied for general purposes, net	13,607,018	14,062,706	14,142,445	14,938,389	15,485,425	16,104,842
Taxes levied for debt service	700,070	567,921	649,038	625,458	743,578	656,953
Unrestricted grants and contributions		29,202			91,445	74,684
Investment earnings	56,442	2,333	6,833	5,468	1,037	4,129
Miscellaneous income	209,865	335,894	406,899	393,700	233,164	236,771
Transfers	(37,529)	(61,843)	(75,513)	(81,700)	(79,520)	
Disposition/Adjustment of Capital Assets	613,131					138,113
Total governmental activities	<u>15,148,997</u>	<u>14,936,213</u>	<u>15,129,702</u>	<u>15,881,315</u>	<u>16,475,129</u>	<u>17,215,492</u>
Business-type activities:						
Transfers	37,529	61,843	75,513	81,700	79,520	
Total business-type activities	<u>37,529</u>	<u>61,843</u>	<u>75,513</u>	<u>81,700</u>	<u>79,520</u>	<u>-</u>
Total district-wide	<u>15,186,526</u>	<u>14,998,056</u>	<u>15,205,215</u>	<u>15,963,015</u>	<u>16,554,649</u>	<u>17,215,492</u>
<b>Change in Net Assets</b>						
Governmental activities	1,117,551	(48,552)	144,937	(717,881)	(428,483)	499,736
Business-type activities	8,517	18,069	31,739	31,603	52,514	(7,505)
Total district	<u>\$ 1,126,068</u>	<u>\$ (30,483)</u>	<u>\$ 176,676</u>	<u>\$ (686,278)</u>	<u>\$ (375,969)</u>	<u>\$ 492,231</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST SIX FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 1,055,149	\$ 1,285,431	\$ 1,312,789	\$ 529,306	\$ 266,197	\$ 1,209,198
Unreserved	280,400	258,217	278,007	536,354	614,973	240,943
Total general fund	<u>\$ 1,335,549</u>	<u>\$ 1,543,648</u>	<u>\$ 1,590,796</u>	<u>\$ 1,065,660</u>	<u>\$ 881,170</u>	<u>\$ 1,450,141</u>
All Other Governmental Funds						
Unreserved, reported in:						
Special revenue fund/(Deficit)	\$ (1,444)	\$ (1,444)	\$ (1,444)	\$ (1,444)		
Capital projects fund	23,237	81		1,667,210	\$ 264,221	\$ 41,545
Debt service fund	99,812			53,532	51,167	7,785
Total all other governmental funds	<u>\$ 121,605</u>	<u>\$ (1,363)</u>	<u>\$ (1,444)</u>	<u>\$ 1,719,298</u>	<u>\$ 315,388</u>	<u>\$ 49,330</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Borough of Lincoln Park School District records

**LINCOLN PARK BOROUGH SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST SIX FISCAL YEARS**  
*(modified accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Revenues</b>						
Tax levy	\$ 14,307,088	\$ 14,630,627	\$ 14,791,483	\$ 15,563,847	\$ 16,229,003	\$ 16,761,795
Tuition charges	16,367	36,524	74,092	29,540	17,550	17,750
Interest earnings	56,442	93,269	6,833	59,000	22,396	4,064
Rentals	185,658	191,227	196,964	202,873	193,218	215,228
Miscellaneous	7,840	17,207	135,843	107,755	1,037	3,858
State sources	2,848,162	2,967,663	3,365,846	3,463,518	2,922,865	3,082,752
Federal sources	383,608	405,759	423,480	403,717	387,601	575,167
<b>Total revenue</b>	<b>17,805,165</b>	<b>18,342,276</b>	<b>18,994,541</b>	<b>19,830,250</b>	<b>19,773,670</b>	<b>20,660,614</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction	4,528,092	4,600,282	4,616,854	4,767,975	4,826,368	5,143,619
Special education instruction	1,320,970	779,847	1,589,252	1,571,224	1,426,465	1,513,941
Other special instruction	364,133	641,387	468,986	475,047	439,651	448,546
Other instruction	219,777	679,119	245,501	241,252	179,848	162,501
<b>Support Services:</b>						
Tuition	4,409,001	4,650,079	4,763,495	6,033,399	6,046,648	5,975,632
Student & instruction related services	1,687,831	1,646,349	1,505,905	1,470,615	1,540,663	1,461,602
School Administrative services	455,241	596,085	633,076	484,085	497,559	518,035
General administrative services	563,642	479,255	359,946	408,269	421,164	421,403
Plant operations and maintenance	992,641	1,012,067	1,099,297	1,057,418	1,004,954	944,116
Pupil transportation	1,036,371	1,052,662	1,113,179	1,173,449	1,170,817	1,271,094
Central services	275,671	361,657	411,423	461,607	481,617	553,556
Unallocated Benefits	829,066	947,456	1,358,621	1,382,659	865,157	891,280
Special Schools	5,479	9,375	6,147	9,950	11,900	5,834
Capital outlay	60,520	71,949	51,241	536,536	1,524,600	271,491
<b>Debt service:</b>						
Principal	425,000	515,000	520,000	505,000	591,000	590,000
Interest and other charges	175,258	152,733	129,038	120,458	254,139	185,051
<b>Total expenditures</b>	<b>17,348,693</b>	<b>18,195,302</b>	<b>18,871,961</b>	<b>20,698,943</b>	<b>21,282,550</b>	<b>20,357,701</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>456,472</b>	<b>146,974</b>	<b>122,580</b>	<b>(868,693)</b>	<b>(1,508,880)</b>	<b>302,913</b>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST SIX FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED  
*(Continued)*

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
<b>Other Financing sources (uses)</b>						
Refunding Bonds	\$ 4,865,000					
Bond Proceeds				\$ 2,146,000		
Discount on Refunding Bonds	(23,704)					
Cost of Refunding Bond Issue	(84,074)					
Payment to Bond Refunding Escrow Agent	(4,757,222)					
Transfers in	33,000		\$ 81	53,532	\$ 7,751	\$ 32
Transfers out	(70,529)	\$ (61,843)	(75,594)	(135,232)	(87,271)	(32)
Total other financing sources (uses)	<u>(37,529)</u>	<u>(61,843)</u>	<u>(75,513)</u>	<u>2,064,300</u>	<u>(79,520)</u>	<u>-</u>
Net change in fund balances	<u>\$ 418,943</u>	<u>\$ 85,131</u>	<u>\$ 47,067</u>	<u>\$ 1,195,607</u>	<u>\$ (1,588,400)</u>	<u>\$ 302,913</u>
Debt service as a percentage of noncapital expenditures	3.58%	3.81%	3.57%	3.20%	4.47%	3.86%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2001	\$ 79,865	\$ 109,956			\$ 225,069	\$ 414,890
2002	27,027	95,450	\$ 175,000		4,995	302,472
2003	29,981	50,881	175,000	\$ (9,105)	2,292	249,049
2004	34,425	19,000	180,250		11,429	245,104
2005	56,288	16,367	185,658		7,840	266,153
2006	90,751	36,524	191,227		17,207	335,709
2007	142,676	74,092	196,964			413,732
2008	160,444	29,540	202,873		6,311	399,168
2009	15,682	17,550	193,218			226,450
2010	4,032	17,750	215,228		3,858	240,868

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST SIX YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	\$ 4,669,700	\$ 606,454,400	\$ 2,853,400	\$ 333,500	\$ 60,209,100	\$ 44,325,500	\$ 22,954,100	\$ 741,799,700	\$ 1,008,890	\$ 742,808,590	\$ 1.79	\$ 1,115,733,491
2005	4,452,100	609,327,400	2,853,400	333,500	60,482,400	44,084,200	22,954,100	744,487,100	843,799	745,330,899	1.87	1,260,184,175
2006	3,997,100	618,033,600	2,863,000	333,500	50,237,600	39,294,300	22,954,100	737,713,200	689,140	738,402,340	1.92	1,416,235,232
2007	4,327,000	618,197,100	2,953,000	329,700	49,887,600	38,831,800	22,954,100	737,480,300	686,618	738,166,918	2.06	1,597,048,889
2008	5,160,800	618,574,400	2,953,000	318,400	49,887,600	38,154,800	22,954,100	738,003,100	711,977	738,715,077	2.16	1,710,788,744
2009 *	10,446,700	1,310,840,600	6,698,300	348,900	120,983,400	77,469,500	48,109,400	1,574,896,800	1,753,935	1,576,650,735	1.05	1,709,551,504

\* Revaluation year

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
*(rate per \$100 of assessed value)*  
UNAUDITED

Year Ended December 31,	Lincoln Park School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Lincoln Park	Morris County	
2000	\$ 1.56	\$ 0.01	\$ 1.57	\$ 0.81	\$ 0.30	\$ 2.68
2001	1.59	0.01	1.60	0.87	0.31	2.78
2002	1.63	0.01	1.64	0.96	0.35	2.95
2003	1.72	0.01	1.73	1.02	0.40	3.15
2004	1.78	0.01	1.79	1.06	0.42	3.27
2005	1.86	0.01	1.87	1.11	0.45	3.43
2006	1.91	0.01	1.92	1.17	0.47	3.56
2007	2.05	0.01	2.06	1.27	0.51	3.84
2008	2.15	0.01	2.16	1.46	0.54	4.16
2009 *	1.04	0.01	1.05	0.75	0.25	2.04

\* Revaluation year

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2010		Taxpayer	2001	
	Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Beaverbrook Apartments	\$ 47,083,800	3.05%	Beaverbrook Apartments	\$ 22,544,600	3.09%
Mort's Family Group	18,416,700	1.31%	Lincoln Park Properties	11,952,200	1.64%
Lincoln Park Properties	17,990,800	1.29%	Mort's Family Group	12,072,500	1.66%
Renaissance Rehab and Nursing Home	16,940,200	1.08%	Lincoln Park Nursing & Convalescent Home	10,342,200	1.42%
Phoenix Realty Partners	10,858,000	0.64%	510 Ryerson Road, Inc.	6,265,700	0.86%
Lincoln Park Plaza Associates	8,021,700	0.61%	Phoenix Realty Partners	5,531,200	0.76%
510 Ryerson Road, Inc.	7,500,000	0.47%	Lincoln Park Nursing Home	4,238,600	0.58%
FRA Lincoln Park, LLC	6,761,900	0.43%	Lincoln Park Plaza Associates	3,306,100	0.45%
Kay Elemetrics	5,663,500	0.38%	Lincoln Park Airport	3,175,500	0.44%
Lincoln Park Nursing Home	5,135,700	0.29%	Individual Taxpayer #1	2,759,600	0.38%
<b>Total</b>	<b>\$ 144,372,300</b>	<b>9.55%</b>	<b>Total</b>	<b>\$ 82,188,200</b>	<b>11.28%</b>

Lincoln Park Plaza Associates

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 12,370,841	\$ 12,370,841	100.00%	-0-
2002	12,431,615	12,431,615	100.00%	-0-
2003	13,295,887	13,295,887	100.00%	-0-
2004	13,567,906	13,567,906	100.00%	-0-
2005	14,307,088	14,307,088	100.00%	-0-
2006	14,630,627	14,630,627	100.00%	-0-
2007	14,791,483	14,791,483	100.00%	-0-
2008	15,563,847	15,563,847	100.00%	-0-
2009	16,229,003	16,229,003	100.00%	-0-
2010	16,761,795	16,761,795	100.00%	-0-

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SIX FISCAL YEARS  
*(dollars in thousands, except per capita)*  
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2005	\$ 5,290,000				\$ 5,290,000	0.78%	\$ 492
2006	4,775,000				4,775,000	0.66%	449
2007	4,255,000				4,255,000	0.56%	402
2008	5,896,000				5,896,000	0.78%	557
2009	5,305,000				5,305,000	0.70%	501
2010	4,715,000				4,715,000	0.62%	446

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS  
*(dollars in thousands, except per capita)*  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	\$ 5,290,000	\$ -0-	\$ 5,290,000	0.712%	\$ 492
2006	4,775,000	-0-	4,775,000	0.641%	449
2007	4,255,000	-0-	4,255,000	0.576%	402
2008	5,896,000	-0-	5,896,000	0.799%	557
2009	5,305,000	-0-	5,305,000	0.718%	501
2010	4,715,000	-0-	4,715,000	0.299%	446

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population estimate for the previous calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt repaid with property taxes			
Borough of Lincoln Park	\$ 29,212,423	100.00%	\$ 29,212,423
Morris County General Obligation Debt	255,031,540	1.65%	<u>4,205,574</u>
Subtotal, overlapping debt			33,417,997
Lincoln Park School District Direct Debt			<u>5,195,000</u>
Total direct and overlapping debt			<u>\$ 38,612,997</u>

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized valuation basis
	2009 \$ 1,601,807,160
	2008 1,693,833,142
	2007 1,703,974,815
	<u>\$ 4,999,615,117</u>
Average equalized valuation of taxable property	<u>\$ 1,666,538,372</u>
Debt limit (3% of average equalization value)	49,996,151 <sup>a</sup>
Net bonded school debt	<u>4,715,000</u>
Legal debt margin	<u>\$ 45,281,151</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 22,404,072	\$ 22,404,072	\$ 26,356,892	\$ 29,520,248	\$ 33,404,024	\$ 36,145,100	\$ 42,675,388	\$ 47,205,866	\$ 49,901,093	\$ 49,996,151
Total net debt applicable to limit	<u>6,465,000</u>	<u>6,040,000</u>	<u>5,615,000</u>	<u>5,190,000</u>	<u>5,290,000</u>	<u>4,775,000</u>	<u>6,401,000</u>	<u>5,896,000</u>	<u>5,305,000</u>	<u>4,715,000</u>
Legal debt margin	<u>\$ 15,939,072</u>	<u>\$ 16,364,072</u>	<u>\$ 20,741,892</u>	<u>\$ 24,330,248</u>	<u>\$ 28,114,024</u>	<u>\$ 31,370,100</u>	<u>\$ 36,274,388</u>	<u>\$ 41,309,866</u>	<u>\$ 44,596,093</u>	<u>\$ 45,281,151</u>
Total net debt applicable to the limit as a percentage of debt limit	28.86%	26.96%	21.30%	17.58%	15.84%	13.21%	15.00%	12.49%	10.63%	9.43%

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

<sup>a</sup> Limit set by NJSIA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Exhibit J-14

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Year</u>	<u>Borough Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Morris County Per Capita Personal Income <sup>c</sup></u>	<u>Borough Unemployment Rate <sup>d</sup></u>
2001	10,840	\$ 614,335,320	\$ 56,673	3.20%
2002	10,825	611,991,375	56,535	4.80%
2003	10,796	615,566,328	57,018	4.80%
2004	10,769	657,996,669	61,101	3.80%
2005	10,746	680,189,562	63,297	3.50%
2006	10,635	727,051,140	68,364	3.50%
2007	10,597	755,566,100	71,300	3.10%
2008	10,581	759,842,772	71,812	4.20%
2009	10,580	759,770,960	71,812 *	7.10%
2010	10,580 **	759,770,960	71,812 *	N/A

\* - Latest Morris County per capita personal income available (2008) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2010			2001		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health	6,300	N/A			
U.S. Army Armament Research and Development	3,575	N/A			
Novartis	3,573	N/A			
Saint Clare's Health System County of Morris	2,342	N/A			Information is Not Available
ADP	2,126	N/A			
UPS	2,019	N/A			
AT&T	1,941	N/A			
Honeywell	1,500	N/A			
Wyndham Worldwide	1,500	N/A			
	1,395	N/A			
<b>Total</b>	<b>26,271</b>	<b>N/A</b>			

N/A - Total amount of employment is not available in order to do the percentage calculation.

Note - Information is for Morris County

Source: Morris County Economic Development Corporation

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST SIX FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction						
Regular	65.0	66.0	63.0	63.0	62.0	64.6
Special education	13.0	13.0	17.0	17.0	17.0	23.0
Support Services:						
Student & instruction related services	20.5	21.0	25.0	25.0	25.0	15.0
School administrative services	4.5	4.0	4.0	4.0	4.0	4.0
General and administrative services	2.0	2.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	9.5	9.5	9.5	9.5	9.5	8.9
Pupil transportation	0.1	0.5	0.5	0.5	0.5	0.5
Business and other support services	6.0	6.0	6.0	6.0	6.0	5.5
Food Service	2.0	2.0	2.0	2.0	2.0	2.6
Total	<u>122.6</u>	<u>124.0</u>	<u>128.0</u>	<u>128.0</u>	<u>127.0</u>	<u>125.1</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SIX FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2005	956	\$ 16,687,915	\$ 17,456	N/A	93	1:11	1:13	956	918	-2.20%	96.03%
2006	940	17,455,620	18,570	6.38%	89	1:11	1:11	940	903	-1.66%	96.06%
2007	929	18,165,535	19,554	5.03%	80	1:12	1:12	929	892	-1.23%	96.02%
2008	913	19,526,999	21,388	9.37%	80	1:12	1:12	913	879	-1.48%	96.28%
2009	910	18,890,185	20,758	-2.94%	80	1:12	1:10	910	877	-0.23%	96.37%
2010	899	19,311,159	21,481	3.48%	79	1:13	1:9	893	856	-2.10%	95.86%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: Borough of Lincoln Park School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of operating expenditures divided by enrollment. This cost per

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS  
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Chapel Hill School (1923)						
Square Feet	53,600	53,600	53,600	53,600	53,600	53,600
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A
Elementary School (1966)						
Square Feet	66,400	66,640	66,640	66,640	66,640	66,640
Capacity (students)	533	533	533	533	533	533
Enrollment	511	505	491	484	493	522
Middle School (1959)						
Square Feet	79,120	79,120	79,120	79,120	79,120	79,120
Capacity (students)	603	603	603	603	603	603
Enrollment	434	435	438	429	414	365
Number of Schools at June 30, 2009						
Elementary = 1						
Middle School = 1						
Other = 0						

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment is based on the annual October district count.

Source: Lincoln Park Borough School District Central Office

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Chapel Hill</u> <u>School</u>	<u>Elementary School</u>	<u>Middle School</u>	<u>Total</u>
2001	\$ 46,928	\$ 53,176	\$ 29,339	\$ 129,443
2002	975	15,640	32,285	48,900
2003	741	12,848	16,214	29,803
2004	4,467	57,245	57,773	119,485
2005	3,249	57,886	87,146	148,281
2006	2,406	42,858	64,522	109,785
2007	2,908	58,154	84,323	145,385
2008	4,633	59,557	65,355	129,545
2009	1,785	35,695	51,758	89,238
2010	1,469	29,382	42,603	73,454

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2010  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Zurich American Insurance Company		
Property - Blanket Building and Contents	\$ 60,777,474	\$ 5,000
Commercial General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	5,000
Robbery and Sage Burglary-inside	50,000	1,000
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Forgery and Alteration	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake	5,000,000	5.00%
Flood	5,000,000	50,000
Inland Marine Policy -		
General Security Property & Casualty Company		
Contractors Equipment	250,000	1,000
Valuable Papers and Records	5,000,000	1,000
Athletic Equipment	250,000	1,000
Band Uniforms	250,000	1,000
Miscellaneous Indoor Equipment/Property	250,000	1,000
Miscellaneous Outdoor Equipment/Property	100,000	1,000
Flood Policy - Selective Insurance -		
Buildings	27,500	500
Contents	26,300	500
School Leaders Errors and Omissions Policy -		
Darwin National Assurance Company	1,000,000	10,000
Boiler and Machinery Policy -		
Hartford Steam Boiler and Inspection Company	100,000	1,000
Blanket Accident Policy -		
Gerber Life Insurance Company		
Principal/Capital Sum	100,000	
Maximum Sum	500,000	
Public Officials Bond Policy -		
Hartford Fidelity Bonding		
Treasurer	220,000	
Board Secretary/Business Administrator	220,000	
Environmental Impairment Policy -		
American Safety Casualty Insurance Company	1,000,000	15,000
Excess Liability -		
American Alternative Insurance Corporation		
Catastrophe	9,000,000	10,000
Fireman's Fund Incorporated		
Umbrella Coverage	50,000,000	10,000

Source: Lincoln Park Borough School District records.

SINGLE AUDIT SECTION



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Independent Auditors' Report on Internal Control over Financial Reporting  
 and on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members  
 of the Board of Education  
 Lincoln Park Borough School District  
 County of Morris, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lincoln Park Borough School District, in the County of Morris (the "Board") as of, and for the fiscal year ended, June 30, 2010, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 15, 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 the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

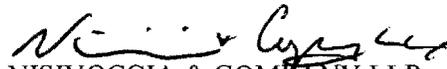
The Honorable President and Members  
of the Board of Education  
Lincoln Park Borough School District  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance*, a separate report dated November 15, 2010.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

November 15, 2010  
Mount Arlington, New Jersey

  
NISIVOCCIA & COMPANY LLP

  
Francis J. Jones, Jr.  
Licensed Public School Accountant #01154  
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members  
 of the Board of Education  
 Lincoln Park Borough School District  
 County of Morris, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Lincoln Park Borough School District in the County of Morris (the "Board") 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 federal and state programs for the fiscal year ended June 30, 2010. The Board's major federal and state programs are identified in the summary of auditors' 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 federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and major effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

The Honorable President and Members  
of the Board of Education  
Lincoln Park Borough School District  
Page 2

### Internal Control Over Compliance

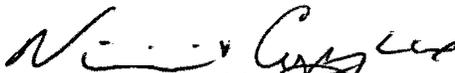
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

November 15, 2010  
Mount Arlington, New Jersey

  
NISIVOCCIA & COMPANY LLP



Francis J. Jones, Jr.  
Licensed Public School Accountant #01154  
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 6/30/09	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Balance 6/30/10 Accounts Receivable    Deferred Revenue		Due to Grantor 6/30/10
<b>Enterprise Fund:</b>												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster												
Food Distribution Program	10.555	N/A	7/1/09-6/30/10	\$ 22,159			\$ 22,159	\$ (20,760)			\$ 1,399	
Food Distribution Program	10.555	N/A	7/1/08-6/30/09	12,344	\$ 2,370			(2,370)				
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	57,562			53,076	(57,562)		\$ (4,486)		
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	48,921	(3,238)		3,238					
Special Milk Program	10.556	N/A	7/1/09-6/30/10	773			729	(773)		(44)		
Special Milk Program	10.556	N/A	7/1/08-6/30/09	980	(59)		59					
<b>Total Child Nutrition Cluster</b>					<u>(927)</u>		<u>79,261</u>	<u>(81,465)</u>		<u>(4,530)</u>	<u>1,399</u>	
<b>Total U.S. Department of Agriculture</b>					<u>(927)</u>		<u>79,261</u>	<u>(81,465)</u>		<u>(4,530)</u>	<u>1,399</u>	
<b>Special Revenue Fund:</b>												
U.S. Department of Education												
Passed-through State Department of Education:												
No Child Left Behind:												
Title I	84.010	NCLB395010	9/1/09-8/31/10	60,647			5,676	(60,596)		(54,920)		
Title I	84.010	NCLB395009	9/1/08-8/31/09	66,112	(62,295)		45,803		\$ 271	(16,221)		
Title I	84.010	NCLB395008	9/1/07-8/31/08	63,605	1,992							\$ 1,992
Title I - ARRA	84.389	ARRA3950	7/1/09-8/31/11	17,306				(10,527)		(10,527)		
<b>Total Title I</b>					<u>(60,303)</u>		<u>51,479</u>	<u>(71,123)</u>	<u>271</u>	<u>(81,668)</u>		<u>1,992</u>
Title II	84.010	NCLB395010	9/1/09-8/31/10	20,034			16,691	(20,034)		(3,343)		
Title II	84.010	NCLB395009	9/1/08-8/31/10	24,470	(22,830)		17,070	(1,045)	1,597	(5,208)		
Title II	84.010	NCLB395008	9/1/07-8/31/08	20,617	2,379							2,379
<b>Total Title II</b>					<u>(20,451)</u>		<u>33,761</u>	<u>(21,079)</u>	<u>1,597</u>	<u>(8,551)</u>		<u>2,379</u>
Title III	84.010	NCLB395009	9/1/08-8/31/10	12,679	(6,985)		6,726	(72)		(331)		
<b>Total Title III</b>					<u>(6,985)</u>		<u>6,726</u>	<u>(72)</u>		<u>(331)</u>		
Title IV	84.010	NCLB395010	9/1/09-8/31/10	1,935			1,935	(1,935)				
Title IV	84.010	NCLB395009	9/1/08-8/31/09	2,090	(2,090)		2,090					
<b>Total Title IV</b>					<u>(2,090)</u>		<u>4,025</u>	<u>(1,935)</u>				
<b>Special Education Cluster:</b>												
IDEA Part B, Basic Regular	84.027	IDEA395010	9/1/09-8/31/10	266,776			143,965	(266,776)		(122,811)		
IDEA Part B, Preschool	84.173	IDEA395010	9/1/09-8/31/10	9,054			7,345	(9,054)		(1,709)		
IDEA Part B, Basic Regular	84.027	IDEA395009	9/1/08-8/31/09	270,673	(109,200)		104,432		4,768			
IDEA Part B, Preschool	84.173	IDEA395009	9/1/08-8/31/09	9,101	(9,101)		9,101					
IDEA Part B, Basic Regular - ARRA	84.391	ARRA3950	7/1/09-8/31/11	252,293				(198,410)		(198,410)		
IDEA Part B, Preschool - ARRA	84.392	ARRA3950	7/1/09-8/31/11	9,121				(7,153)		(7,153)		
<b>Total Special Education Cluster</b>					<u>(118,301)</u>		<u>264,843</u>	<u>(481,393)</u>	<u>4,768</u>	<u>(330,083)</u>		
<b>Total Special Revenue Fund/U.S. Department of Education</b>					<u>(208,130)</u>		<u>360,834</u>	<u>(575,602)</u>	<u>6,636</u>	<u>(420,633)</u>		<u>4,371</u>
<b>Total Federal Awards</b>					<u>\$ (209,057)</u>	<u>\$ -0-</u>	<u>\$ 440,095</u>	<u>\$ (657,067)</u>	<u>\$ 6,636</u>	<u>\$ (425,163)</u>	<u>\$ 1,399</u>	<u>\$ 4,371</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Carryover/	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2010			Memo	
				(Accounts Receivable) 6/30/2009	(Walkover) Amount				GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Due to Grantor	(Budgetary Receivable)	Cumulative Total Expenditures
<b>NJ Department of Education:</b>													
<b>General Fund</b>													
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	\$ 487,356	\$ (46,356)		\$ 46,356							\$ 487,356
Transportation Aid - Non-public reimbursement	09-495-034-5120-063	7/1/08-6/30/09	22,839	(22,839)		22,839							22,839
Special Education Aid	09-495-034-5120-011	7/1/08-6/30/09	664,998	(63,253)		63,253							664,998
Security Aid	09-100-034-5120-084	7/1/08-6/30/09	94,692	(9,007)		9,007							94,692
Adjustment Aid	09-495-034-5120-030	7/1/08-6/30/09	613,128	(71,553)		71,553							613,128
Extraordinary Aid	09-100-034-5120-473	7/1/08-6/30/09	164,421	(25,298)		25,298							164,421
Reimbursed TPAF Social Security Contributions	09-100-034-5095-002	7/1/08-6/30/09	452,068	(22,865)		22,865							452,068
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	615,218			551,449	\$ (615,218)					\$ (63,769)	615,218
Transportation Aid - Non-public reimbursement	10-495-034-5120-063	7/1/09-6/30/10	18,167				(18,167)		\$ (18,167)			(18,167)	18,167
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	662,610			593,930	(662,610)					(68,680)	662,610
Security Aid	10-100-034-5120-084	7/1/09-6/30/10	95,367			85,482	(95,367)					(9,885)	95,367
Adjustment Aid	10-495-034-5120-030	7/1/09-6/30/10	562,882			504,539	(562,882)					(58,343)	562,882
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	157,426				(157,426)		(157,426)			(157,426)	157,426
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7/1/09-6/30/10	464,420			441,386	(464,420)		(23,034)			(23,034)	464,420
<b>Total General Fund State Aid</b>				<b>(261,171)</b>		<b>2,437,957</b>	<b>(2,576,090)</b>		<b>(198,627)</b>			<b>(399,304)</b>	<b>5,075,592</b>
<b>Special Revenue Fund</b>													
Nonpublic Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	1,042			1,042	(962)					\$ 80	962
Nonpublic Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	15,984			15,984	(13,429)					2,555	13,429
Nonpublic Nursing Aid	10-100-034-5120-070	7/1/09-6/30/10	1,235			1,235	(1,235)						1,235
<b>Total Special Revenue Fund</b>						<b>18,261</b>	<b>(15,626)</b>					<b>2,635</b>	<b>15,626</b>
<b>Debt Service Fund:</b>													
Debt Service Type II Aid	10-100-034-5120-125	7/1/09-6/30/10	74,684			74,684	(74,684)						74,684
<b>Total Debt Service Fund</b>						<b>74,684</b>	<b>(74,684)</b>						<b>74,684</b>
<b>Enterprise Fund:</b>													
State School Lunch Program	09-100-010-3350-023	7/1/08-6/30/09	4,128			3,815	(4,128)		(313)				4,128
State School Lunch Program	09-100-010-3350-023	7/1/08-6/30/09	3,879	(253)		253							3,879
<b>Total Enterprise Fund:</b>				<b>(253)</b>		<b>4,068</b>	<b>(4,128)</b>		<b>(313)</b>				<b>8,007</b>
<b>Total State Awards</b>				<b>\$ (261,424)</b>	<b>\$ -0-</b>	<b>\$ 2,534,970</b>	<b>\$ (2,670,528)</b>	<b>\$ -0-</b>	<b>\$ (198,940)</b>	<b>\$ -0-</b>	<b>\$ 2,635</b>	<b>\$ (399,304)</b>	<b>\$ 5,173,909</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using 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. The information in these schedules is presented in accordance with the requirements of Federal OMB A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97.(A3521). For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,508) for the General Fund and (\$435) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Additionally, the schedule of expenditures does not include the on-behalf Noncontributory Group Insurance and Post Retirement Contributions revenue of \$21,579 and \$405,281 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,992,442	\$ 2,992,442
Special Revenue Fund	\$ 575,167	15,626	590,793
Debt Service Fund		74,684	74,684
Food Service Fund	<u>81,465</u>	<u>4,128</u>	<u>85,593</u>
Total Awards	<u>\$ 656,632</u>	<u>\$ 3,086,880</u>	<u>\$ 3,743,512</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

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution program represent current year value received and current year distributions, respectively.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State:				
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 615,218	\$ 615,218
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	662,610	662,610
Adjustment Aid	10-495-034-5120-008	7/1/09-6/30/10	562,882	562,882
Security Aid	10-100-034-5120-084	7/1/09-6/30/10	95,367	95,367
Federal:				
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	266,776	266,776
I.D.E.A. Part B, Basic - ARRA	84.391	7/1/09-8/31/11	198,410	198,410
I.D.E.A. Preschool	84.173	9/1/09-8/31/10	9,054	9,054
I.D.E.A. Preschool - ARRA	84.392	7/1/09-8/31/11	7,153	7,153

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee for state programs under the provision of section 530 of the federal Circular. However, the District did not qualify as a "low-risk" auditee for federal programs under the provisions of section 530 of the federal Circular.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circular NJOMB 04-04.

LINCOLN PARK BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

The District had no prior year audit findings.