

**Comprehensive Annual  
Financial Report**

**of the**

**City of Absecon Board of Education**

**Absecon, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

# TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	8-9
<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>	10-19
<b>Basic Financial Statements</b>	
<b>A. District-Wide Statements</b>	
A-1 Statement of Net Assets	20
A-2 Statement of Activities	21
<b>B. Fund Financial Statements:</b>	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Assets	25
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	28
B-8 Statement of Changes in Fiduciary Net Assets	29
<b>Notes to the Financial Statements</b>	30-49

## TABLE OF CONTENTS (Continued)

	Page
<b>Required Supplementary Information - Part II</b>	
<b>C. Budgetary Comparison Schedules</b>	
C-1 Budgetary Comparison Schedule - General Fund	50-54
C-1b1 Budgetary Comparison Schedule - American Recovery and Reinvestment Act - Education Stabilization Fund	N/A
C-1b2 Budgetary Comparison Schedule - American Recovery and Reinvestment Act - Government Stabilization Fund	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	55
<b>Notes to Required Supplementary Information</b>	
C-3 Budget-to-GAAP Reconciliation	56
<b>Other Supplementary Information</b>	
<b>E. Special Revenue Fund</b>	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	57-60
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
E-6 Targeted At-Risk Aid Schedule of Expenditures - Budgetary Basis	N/A
<b>F. Capital Projects Fund:</b>	
F-1 Summary Schedule of Project Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	61-62
F-2 Summary Schedule of Revenues and Expenditures	63
<b>G. Proprietary Funds:</b>	
Enterprise Funds:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A

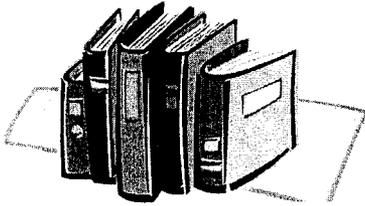
## TABLE OF CONTENTS (Continued)

	<b>Page</b>
<b>H. Fiduciary Funds:</b>	
H-1 Combining Statement of Fiduciary Net Assets	64
H-2 Combining Statement of Changes in Fiduciary Net Assets	65
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	66
H-4 Payroll Agency Fund Schedule fo Receipts and Disbursements	67
 <b>I. Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds	68
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	69
<b>STATISTICAL SECTION (Unaudited)</b>	
 <b>Financial Trends</b>	
J-1 Net Assets by Component	70
J-2 Changes in Net Assets	71-73
J-3 Fund Balances - Governmental Funds	74
J-4 Changes in Fund Balances - Governmental Funds	75
J-5 General Fund Other Local Revenue by Source	76
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	77
J-7 Direct and Overlapping Property Tax Rates	78
J-8 Principal Property Taxpayers	79
J-9 Property Tax Levies and Collections	80
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	81
J-11 Ratios of General Bonded Debt Outstanding	82
J-12 Direct and Overlapping Governmental Activities Debt	83
J-13 Legal Debt Margin	84
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	85
J-15 Principal Employers	86
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	87
J-17 Operating Statistics	88
J-18 School Building Information	89
J-19 Schedule of Required Maintenance Expenditures by School Facility	90
J-20 Insurance Schedule	91

## TABLE OF CONTENTS (Continued)

	<b>Page</b>
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Statutory Basis Performed in Accordance with <i>Government Auditing Standards</i>	92-93
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	94-95
K-3 Schedule of Expenditures of Federal Awards, Schedule A	96
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	97
K-5 Notes to Schedules of Awards and Financial Assistance	98-99
K-6 Schedule of Findings and Questioned Costs	100-102
K-7 Summary Schedule of Prior Audit Findings	102

## **INTRODUCTORY SECTION**



**ABSECON PUBLIC SCHOOLS**  
800 Irelan Avenue, Absecon, NJ 08201

James A. Giaquinto  
Superintendent  
(609) 641-5375  
Ext. 1012

October 14, 2011

Tina Davisson  
Business Administrator  
(609) 641-5375  
Ext. 1010

Honorable President and Members of the Board of Education  
Citizens of Absecon  
Absecon School District  
Absecon, New Jersey 08201

Dear Board Members:

The Comprehensive Annual Financial Report of the Absecon City Board of Education for the fiscal year ended June 30, 2011 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 Absecon Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

FAX  
(609) 641-8692

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains the table of contents, this Letter of Transmittal, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**Reporting Entity**

The City of Absecon Board of Education is an independent reporting entity within the criteria adopted by the GASB Statement No. 14 as established by NCGA Statement No. 3. All funds of the District are included in this report. The Absecon City Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped students. The District completed the 2010-11 fiscal year with an average daily enrollment of 849 (according to the New Jersey State Attendance Records). The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	848.9	4.15%
2009-10	815.1	0.31%
2008-09	812.6	-0.17%
2007-08	814.0	-0.61%
2006-07	819.0	-1.43%
2005-06	830.9	-8.00%
2004-05	903.2	-6.63%
2003-04	967.3	-1.40%
2002-03	981.0	2.19%
2001-02	960.0	3.45%

**Economic Condition and Outlook**

The Absecon area is experiencing an economic slowdown which is a result of the economic downslide, particularly in the tourism industry. Despite the economic slowdown, there is a slight increase in student enrollment. Hopefully, additional commercial growth will occur to further increase the tax base.

**Major Initiatives**

Major emphasis in the district in 2010-11 continued to be in the area of curriculum development. A curriculum committee worked on revising the science and math curricula.

Staff development continues to be a priority to ensure the efficient and effective operation of the school district. Teachers and support staff are provided with training programs in the district, at seminars, and through college tuition reimbursement programs. Improving student achievement in language arts, meeting the needs of special learners, and the integration of technology into everyday instruction were a major focus.

The heat pump system in the Marsh School was replaced in the summer of 2009. The 2011 summer facility focus was replacement of asphalt and concrete around the outside of the school buildings. The new five year facility plan has been completed.

## **Financial Information**

### **Internal Accounting Controls**

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

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

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

### **Budgetary Controls**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2011.

### **Accounting System and Reports**

The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.

### **Debt Administration**

At June 30, 2008, the District's outstanding debt issues included \$550,000 of Certificates of Participation. In December 1992, the Board of Education refinanced the original 1988 Certificates of Participation. This refinancing resulted in an approximate savings of over 2 million dollars over the lease purchase. In September 1998, the Board of Education refinanced again through a forward purchase transaction. This resulted in a savings of \$300,000 over the remaining lease purchase. The Certificates were paid in full December 2008.

On August 8, 2003, the District issued bonds in the amount of \$2,442,000 to undertake repairs and renovations to the H. Ashton Marsh School and the Emma C. Attales School. The comprehensive projects were completed, in the summer of 2004, at a total cost of \$3,881,950 and were partially funded by State grants totaling \$1,459,740. At June 30, 2011, the outstanding debt of the serial bonds for school construction was \$637,000. These bonds were paid in full August 2011.

### **Cash Management**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to 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 1980 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 funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

### **Risk Management**

The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

### **Independent Audit**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott and Associates, L.L.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

### **Acknowledgements**

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

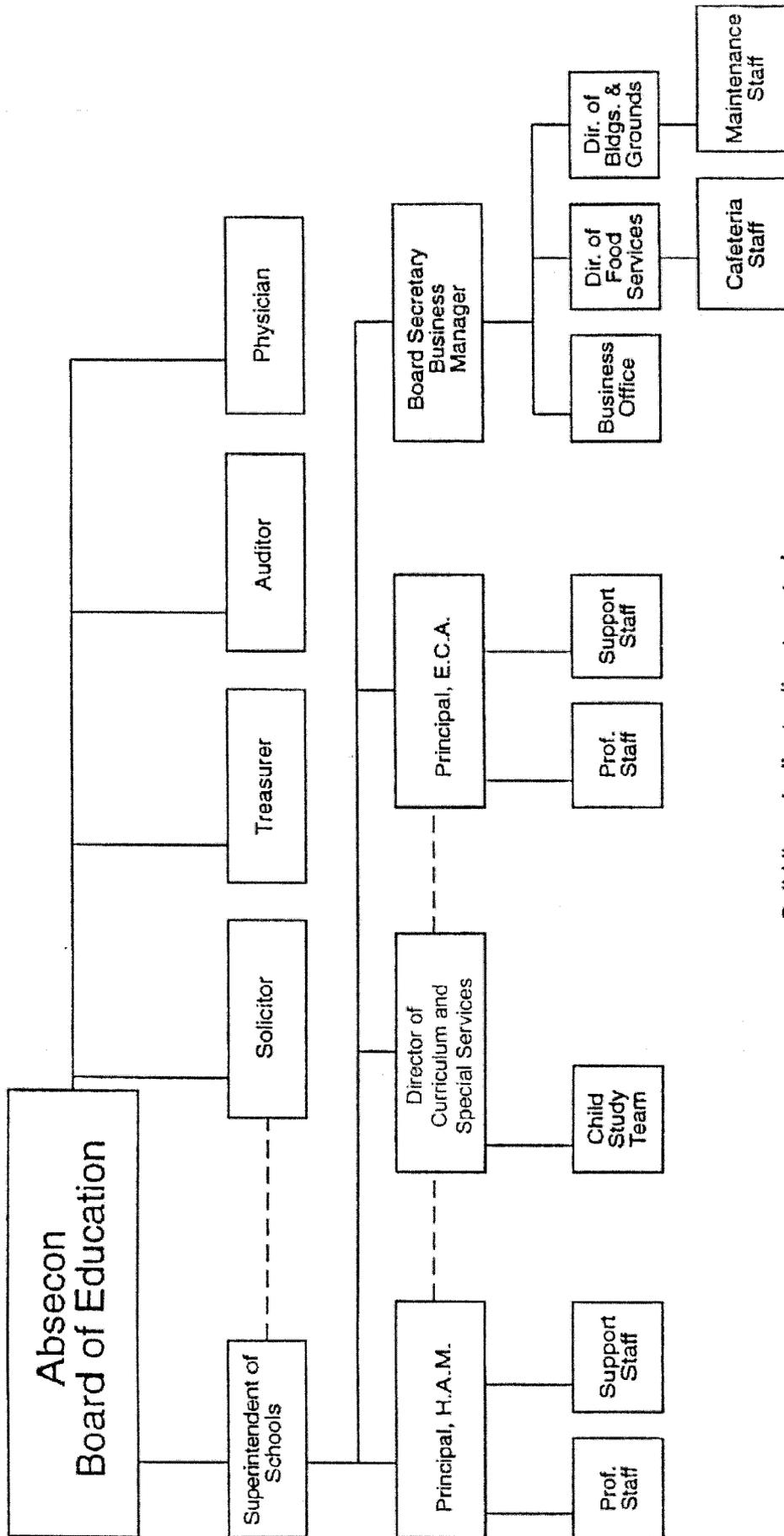
Respectfully submitted,



James A. Giaquinto  
Superintendent



Tina Davisson  
Business Administrator/  
Board Secretary



\_\_\_\_\_ Solid lines indicate direct control  
 - - - - - Dashed lines indicate coordination

**ABSECON BOARD OF EDUCATION  
ABSECON, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
William Thompson III, President	2013
Thomas Grites, Vice President	2014
Michael Assad	2012
Keith Bennett	2013
Alex Corkhill	2013
Mary Hughes	2012
Gerald Hoenes	2014

**Other Officials**

James A. Giaquinto, Superintendent

Tina Davisson, Board Secretary/School Business Administrator

Louis Greco, Esq., Solicitor

**ABSECON BOARD OF EDUCATION  
Consultants and Advisors**

**Architect**

Buck Simperts Architect and Associates  
Park 80 West  
Plaza II, Suite 200  
Saddle Brook, NJ 07663

**Audit Firm**

Leon P. Costello, CPA, RMA  
Ford, Scott & Associates, L.L.C.  
Certified Public Accountants  
1535 Haven Avenue  
P.O. Box 538  
Ocean City, NJ 08226

**Attorney**

Louis Greco, Esquire  
800 Route 50, Suite 2B  
Mays Landing, New Jersey 08330

**Official Depository**

Ocean City Home Bank  
778 White Horse Pike  
Absecon, NJ 08201

TD Bank  
White Horse Pike  
Absecon, NJ 08201

## **FINANCIAL SECTION**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the City of Absecon School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Absecon Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and each major fund of the City of Absecon Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011 on our consideration of the City of Absecon Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the 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 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 considering in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Absecon Board of Education's basic financial statements. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

  
**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**October 14, 2011**

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of the City of Absecon School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets increased \$607,141.88, which represents a 5 percent increase from 2010.
- General revenues accounted for \$10,949,977.25 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,582,487.19 or 19 percent of total revenues of \$13,532,464.44.
- Total assets of governmental activities decreased by \$247,232.55 as cash and cash equivalents decreased by \$28,255.08, receivables decreased by \$264,286.51, and capital assets decreased by \$274,561.71, while restricted cash and cash equivalents increased by \$324,436.94.
- The School District had \$12,925,322.56 in expenses; only \$2,582,487.19 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,949,977.25 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$11,511,763.06 in revenues and \$11,304,978.06, in expenditures. The General Fund's fund balance increased \$206,785.00 over 2010. This increase was anticipated by the Board of Education.

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

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of the City of Absecon School District, the General Fund is by far the most significant fund.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Reporting the School District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Reporting the School District's Most Significant Funds (Continued)**

Governmental Funds

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

Enterprise Fund

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 30 to 49 of this report.

**The School District as a Whole**

Recall that 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 government's financial position.

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

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**The School District as a Whole (Continued)**

Table 1 provides a summary of the School District's net assets for 2011 and 2010.

**Table 1  
Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,767,829.49	\$ 1,740,500.33
Capital Assets	<u>12,068,080.67</u>	<u>12,342,642.38</u>
Total Assets	<u>13,835,910.16</u>	<u>14,083,142.71</u>
<b>Liabilities</b>		
Long-Term Liabilities	895,427.50	1,579,917.50
Other Liabilities	<u>554,744.84</u>	<u>724,629.27</u>
Total Liabilities	<u>1,450,172.34</u>	<u>2,304,546.77</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	11,430,310.67	11,059,562.38
Restricted	694,501.65	641,303.97
Unrestricted	<u>260,925.50</u>	<u>77,729.59</u>
Total Net Assets	<u>\$ 12,385,737.82</u>	<u>\$ 11,778,595.94</u>

The District's combined net assets were \$12,385,737.82 on June 30, 2011. This was an increase of 5 percent from the prior year.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**The School District as a Whole (Continued)**

Table 2 shows changes in net assets for fiscal year 2011 and 2010.

**Table 2  
Changes in Net Assets**

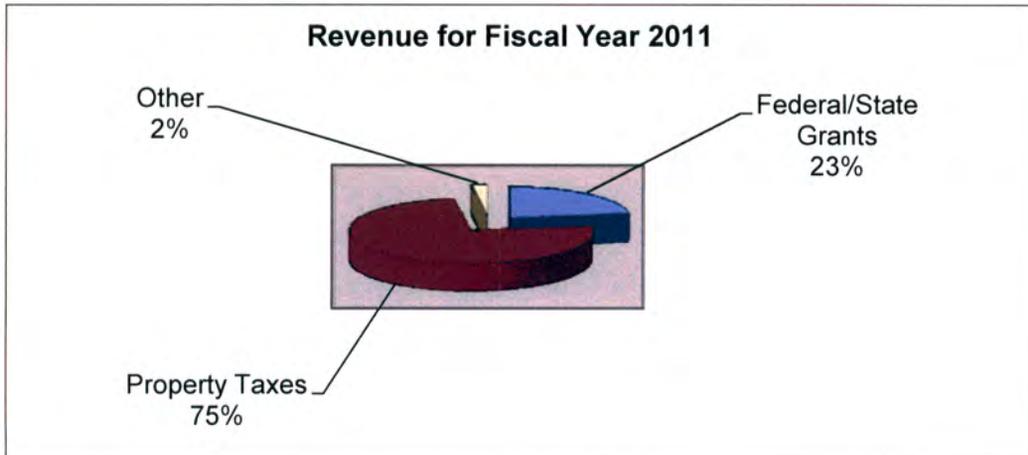
	2011	2010
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 218,747.49	\$ 248,779.30
Operating Grants and Contributions	2,363,739.70	2,521,728.69
General Revenues:		
Property Taxes	10,194,630.00	10,166,985.00
Grants and Entitlements	686,511.00	1,408,418.00
Other	68,836.25	72,633.52
Total Revenues	13,532,464.44	14,418,544.51
<b>Program Expenses</b>		
Instruction	7,576,969.87	7,644,878.08
Support Services:		
Tuition	511,715.65	792,370.00
Pupils and Instructional Staff	1,572,427.39	1,594,354.26
General and School Administration	1,038,198.32	1,048,500.55
Business and Other Support Services	76,181.13	68,428.81
Operation and Maintenance of Facilities	943,278.15	767,587.02
Pupil Transportation	407,227.06	409,148.72
Interest on Debt	22,853.88	43,868.91
Food Service	230,110.36	230,154.76
Other	546,360.75	449,930.96
Extraordinary Item:		
Loss on Disposal of Capital Asset	-	-
Total Expenses	12,925,322.56	13,049,222.07
Increase in Net Assets	\$ 607,141.88	\$ 1,369,322.44

**Governmental Activities**

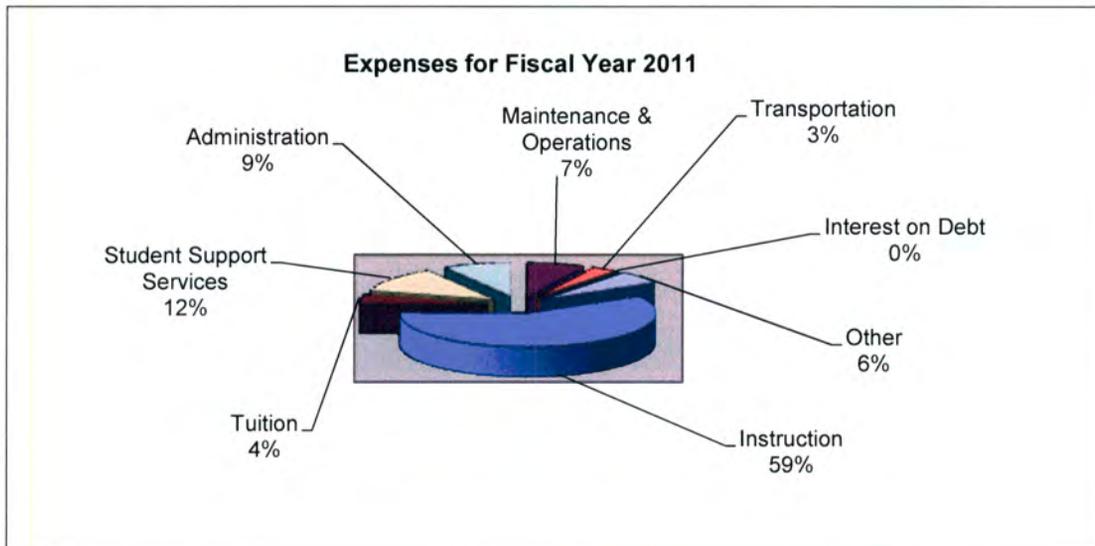
The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. The District's total revenues were \$13,532,464.44 for the year ended June 30, 2011. Property taxes made up 75 percent of revenues for governmental activities for the City of Absecon School District for fiscal year 2011. Federal, state, and local grants accounted for 23 percent of the revenue. Local revenue and charges for service make up 2 percent of the revenue.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**



The total cost of all program and services was \$12,925,322.56. Instruction comprises 59 percent of District expenses.



**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Business-Type Activities**

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

- Expenses exceeded revenues by \$13,055.64.
- Charges for services represent \$218,747.49 of revenue. This represents amounts paid by patrons for daily food service and childcare.
- For the food service operation, federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$110,104.96.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 7,576,969.87	\$ 5,901,737.15	\$ 7,644,878.08	\$ 5,896,647.41
Support Services:				
Pupils and Instructional Staff	2,084,143.04	1,645,692.65	2,386,724.26	2,037,912.84
General and School Administration	1,038,198.32	1,002,523.18	1,048,500.55	1,014,038.01
Business and Other Support Services	76,181.13	32,871.00	68,428.81	27,591.59
Operation and Maintenance of Facilities	943,278.15	896,965.07	767,587.02	726,686.23
Pupil Transportation	407,227.06	394,209.40	409,148.72	207,513.09
Interest and Fiscal Charges	22,853.88	22,853.88	43,868.91	43,868.91
Other	434,563.02	432,927.40	327,071.32	324,204.12
Total Expenses	<u>\$ 12,583,414.47</u>	<u>\$ 10,329,779.73</u>	<u>\$ 12,696,207.67</u>	<u>\$ 10,278,462.20</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Also included is out of district tuition.

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

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

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

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

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

"Other" includes special schools, charter schools, and unallocated depreciation.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$13,203,172.86 and expenditures were \$12,996,410.55. The net positive change in fund balance for the year of \$206,762.31 can be attributed to the decrease in financing activities.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 10,264,644.12	77.74%	\$ 24,247.89	0.24%
State Sources	2,145,616.79	16.25%	(841,625.64)	-28.17%
Federal Sources	792,911.95	6.01%	(44,959.09)	-5.37%
Total	<u>\$ 13,203,172.86</u>	100.00%	<u>\$ (862,336.84)</u>	-6.13%

Local revenues increased by \$24,247.89. The increase is due to the increase in property tax revenue from the prior year.

Revenues from state sources decreased due to a SCC grant awarded to the District for a Heat Pump Replacement Project in fiscal year 2010. Federal revenues decreased due to the government increasing funding for the American Recovery Reform Act in 2010.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**The School District's Funds (Continued)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 4,689,763.17	36.09%	\$ (95,684.88)	-2.00%
Undistributed expenditures	6,186,411.09	47.60%	(1,279,542.05)	-17.14%
Special/Charter Schools	428,803.80	3.30%	111,411.76	35.10%
Special Revenues	1,014,768.99	7.81%	29,445.01	2.99%
Debt Service:				
Principal	645,000.00	4.96%	95,000.00	17.27%
Interest	31,663.50	0.24%	(19,717.50)	-38.38%
Total	<u>\$ 12,996,410.55</u>	100.00%	<u>\$ (1,159,087.66)</u>	-8.19%

Changes in expenditures were the results of varying factors. The current expense increase of undistributed expenditures is attributed to tuition, transportation and health benefits.

**General Fund Budgeting Highlights**

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

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:

- Revenue was realized from the prior year for the e-rate program and tuition adjustment for students received from other districts.
- The district applied for and received extraordinary aid.
- Tuition expense for special education students attending special service and regional day schools decreased significantly than expected.

**CITY OF ABSECON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

**Capital Assets**

At the end of the fiscal year 2011, the School District had \$12,068,080.67 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

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

	<u>2011</u>	<u>2010</u>
Land	\$ 1,956,141.00	1,956,141.00
Site Improvements	109,932.13	88,788.94
Building and Building Improvements	9,808,004.67	10,127,374.86
Machinery and Equipment	194,002.87	170,337.58
Total	<u>\$ 12,068,080.67</u>	<u>\$ 12,342,642.38</u>

Overall capital assets decreased \$274,561.71 from fiscal year 2011 to fiscal year 2010. The decrease is the net of added capital assets and annual depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2011, the School District had \$895,427.50 of outstanding debt. Of this amount, \$258,427.50 is for compensated absences; and \$637,000.00 of serial bonds for school construction.

At June 30, 2011, the School District's overall legal debt margin was \$28,564,002.00. For more detailed information, please refer to the Notes to the Financial Statements.

**For the Future**

The Absecon School District is in good financial condition presently. The School District is proud of its community support of the public schools. However, future finances are not without challenges as State funding remains level.

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

**Contacting the School District's Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Tina Davisson, Business Administrator/Board Secretary at City of Absecon Board of Education, 800 Irelan Avenue, Absecon, NJ 08201, (609) 641-5375, extension 1014.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

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

**CITY OF ABSECON SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 627,855.34	\$ 61,761.37	\$ 689,616.71
Receivables, Net	331,450.19	5,761.21	337,211.40
Internal Balances	972.73	(877.89)	94.84
Inventory		822.75	822.75
Deferred Bond Issuance Costs	4,701.80		4,701.80
Restricted Assets:			
Cash and Cash Equivalents	622,623.40		622,623.40
Capital Reserve Account	112,758.59		112,758.59
Capital Assets, Net (Note 6)	12,067,310.67	770.00	12,068,080.67
<b>Total Assets</b>	<b>13,767,672.72</b>	<b>68,237.44</b>	<b>13,835,910.16</b>
<b>LIABILITIES</b>			
Accounts Payable	277,403.25	3,423.52	280,826.77
Contracts Payable	52,479.38		52,479.38
Payable to State Government	80,716.29		80,716.29
Deferred Revenue	135,522.88	5,199.52	140,722.40
Noncurrent Liabilities (Note 7)			
Due Within One Year	637,000.00		637,000.00
Due Beyond One Year	256,027.50	2,400.00	258,427.50
<b>Total Liabilities</b>	<b>1,439,149.30</b>	<b>11,023.04</b>	<b>1,450,172.34</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	11,430,310.67		11,430,310.67
Restricted for:			
Debt Service	(8,699.36)		(8,699.36)
Capital Projects	123,639.59		123,639.59
Other Purposes	579,561.42		579,561.42
Unrestricted	203,711.10	57,214.40	260,925.50
<b>Total Net Assets</b>	<b>\$ 12,328,523.42</b>	<b>\$ 57,214.40</b>	<b>\$ 12,385,737.82</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Function/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 5,751,853.58	\$ -	\$ 1,070,433.09	\$ -	\$ (4,681,420.49)	\$ -	\$ (4,681,420.49)
Special Education	1,446,103.41		573,650.99		(872,452.42)		(872,452.42)
Other Special Instruction	379,012.88		31,148.64		(347,864.24)		(347,864.24)
<b>Support Services:</b>							
Tuition	511,715.65				(511,715.65)		(511,715.65)
Student & Instruction Related Services	1,572,427.39		438,450.39		(1,133,977.00)		(1,133,977.00)
School Administrative Services	458,536.12		35,675.14		(422,860.98)		(422,860.98)
Other Administrative Services	579,662.20				(579,662.20)		(579,662.20)
Plant Operation and Maintenance	943,278.15		46,313.08		(896,965.07)		(896,965.07)
Pupil Transportation	407,227.06		13,017.66		(394,209.40)		(394,209.40)
Business and Other Support Services	76,181.13		43,310.13		(32,871.00)		(32,871.00)
Special Schools	19,228.02		1,635.62		(17,592.40)		(17,592.40)
Charter Schools	415,335.00				(415,335.00)		(415,335.00)
Interest on Long-Term Debt	22,853.88				(22,853.88)		(22,853.88)
<b>Total Governmental Activities</b>	<b>12,583,414.47</b>	<b>-</b>	<b>2,253,634.74</b>	<b>-</b>	<b>(10,329,779.73)</b>	<b>-</b>	<b>(10,329,779.73)</b>
<b>Business-Type Activities:</b>							
Food Service	230,110.36	107,579.65	110,104.96		(12,425.75)		(12,425.75)
After School Child Care	111,797.73	111,167.84			(629.89)		(629.89)
<b>Total Business-Type Activities</b>	<b>341,908.09</b>	<b>218,747.49</b>	<b>110,104.96</b>	<b>-</b>	<b>(13,055.64)</b>	<b>-</b>	<b>(13,055.64)</b>
<b>Total Primary Government</b>	<b>\$ 12,925,322.56</b>	<b>\$ 218,747.49</b>	<b>\$ 2,363,739.70</b>	<b>\$ -</b>	<b>\$ (10,329,779.73)</b>	<b>\$ (13,055.64)</b>	<b>\$ (10,342,835.37)</b>

**General Revenues:**

**Taxes:**

Property Taxes, Levied for General Purposes, Net	\$ 9,518,290.00	\$ -	\$ 9,518,290.00
Taxes Levied for Debt Service	676,340.00		676,340.00
Federal and State Aid not Restricted	686,511.00		686,511.00
Tuition Received	39,313.02		39,313.02
Investment Earnings	8,497.70	439.13	8,936.83
Miscellaneous Income	20,586.40		20,586.40
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>	<b>10,949,538.12</b>	<b>439.13</b>	<b>10,949,977.25</b>
<b>Change in Net Assets</b>	<b>619,758.39</b>	<b>(12,616.51)</b>	<b>607,141.88</b>
<b>Net Assets - Beginning</b>	<b>11,708,765.03</b>	<b>69,830.91</b>	<b>11,778,595.94</b>
<b>Net Assets - Ending</b>	<b>\$ 12,328,523.42</b>	<b>\$ 57,214.40</b>	<b>\$ 12,385,737.82</b>

## **FUND FINANCIAL STATEMENTS**

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

**CITY OF ABSECON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 508,835.91	\$ 114,618.93	\$ 4,399.50	\$ 1.00	\$ -	\$ 627,855.34
Due from Other Funds	972.73					972.73
Receivables from Other Governments	70,893.85	215,665.00	29,073.28			315,432.13
Other Receivables	8,190.73	7,827.33				16,018.06
Restricted Cash & Cash Equivalents	735,381.99					735,381.99
<b>Total Assets</b>	<b>\$ 1,324,075.21</b>	<b>\$ 338,111.26</b>	<b>\$ 33,472.78</b>	<b>\$ 1.00</b>	<b>\$ -</b>	<b>\$ 1,695,660.25</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 111,225.02	\$ 135,036.99	\$ 22,440.88	\$ -	\$ -	\$ 268,702.89
Contracts Payable	52,479.38					52,479.38
Payable to Other LEA	13,014.00	67,702.29				80,716.29
Deferred Revenue		135,371.98	150.90			135,522.88
<b>Total Liabilities</b>	<b>176,718.40</b>	<b>338,111.26</b>	<b>22,591.78</b>	<b>-</b>	<b>-</b>	<b>537,421.44</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Capital Reserve	112,758.59					112,758.59
Tuition Reserve	12,600.00					12,600.00
Emergency Reserve	50,060.00					50,060.00
Waiver Offset Reserve	183,169.00					183,169.00
Excess Surplus	200,690.67					200,690.67
Excess Surplus - Designated Subsequent Year	133,041.55					133,041.55
<b>Assigned to:</b>						
Tuition Reserve Designated by BOE for Subsequent Expenditures	18,375.00					18,375.00
Tuition Reserve Designated by BOE for Subsequent Expenditures	26,600.00					26,600.00
Designated by BOE for Subsequent Expenditures	150,112.45					150,112.45
Year-end Encumbrances	17,208.23					17,208.23
<b>Unassigned, Reported in:</b>						
General Fund	242,743.12					242,743.12
Special Revenue Fund						-
Debt Service Fund				1.00		1.00
Capital Projects Fund			10,881.00			10,881.00
Permanent Fund						-
<b>Total Fund Balances</b>	<b>1,147,356.81</b>	<b>-</b>	<b>10,881.00</b>	<b>1.00</b>	<b>-</b>	<b>1,158,238.81</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,324,075.21</b>	<b>\$ 338,111.26</b>	<b>\$ 33,472.78</b>	<b>\$ 1.00</b>	<b>\$ -</b>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$20,265,482.53 and the accumulated depreciation is \$8,198,171.86 (See Note 6)	12,067,310.67
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(8,700.36)
Bond issuance costs are reported in the governmental fund as expenditures in the year the bonds are issued but are amortized over the life of the bonds on the statement of activities. (See Note 13)	4,701.80
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)	(893,027.50)
<b>Net assets of governmental activities</b>	<b>\$ 12,328,523.42</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES</b>						
Local Sources:						
Local Tax Levy	\$ 9,518,290.00	\$ -	\$ -	\$ 676,340.00	\$ -	\$ 10,194,630.00
Tuition Charges	39,313.02					39,313.02
Interest Earned on Investments	8,196.89			300.81		8,497.70
Prior Year Reimbursement	18,654.32					18,654.32
Facility/Transportation Fees	1,617.00					1,617.00
Miscellaneous	1,932.08					1,932.08
Total Local Sources	9,588,003.31	-	-	676,640.81	-	10,264,644.12
State Sources	1,923,759.75	221,857.04				2,145,616.79
Federal Sources		792,911.95				792,911.95
<b>Total Revenues</b>	<b>11,511,763.06</b>	<b>1,014,768.99</b>	<b>-</b>	<b>676,640.81</b>	<b>-</b>	<b>13,203,172.86</b>
<b>EXPENDITURES</b>						
Current:						
Regular Instruction	\$ 3,457,232.48	\$ 669,374.93	\$ -	\$ -	\$ -	\$ 4,126,607.41
Special Education Instruction	976,142.09					976,142.09
Other Special Instruction	256,388.60					256,388.60
Support Services:						
Tuition	511,715.65					511,715.65
Student & Instruction Related Serv.	839,538.34	345,394.06				1,184,932.40
School Administrative Services	308,289.68					308,289.68
Other Administrative Services	487,776.33					487,776.33
Plant Operation and Maintenance	772,734.62					772,734.62
Pupil Transportation	404,633.60					404,633.60
Employee Benefits	2,757,867.64					2,757,867.64
Special Schools	13,468.80					13,468.80
Transfer to Charter School	415,335.00					415,335.00
Debt Service:						
Principal				645,000.00		645,000.00
Interest and Other Charges				31,663.50		31,663.50
Capital Outlay	103,855.23					103,855.23
<b>Total Expenditures</b>	<b>11,304,978.06</b>	<b>1,014,768.99</b>	<b>-</b>	<b>676,663.50</b>	<b>-</b>	<b>12,996,410.55</b>
Excess (Deficiency) of Revenues Over Expenditures	206,785.00	-	-	(22.69)	-	206,762.31
<b>OTHER FINANCING SOURCES (USES)</b>						
None	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	-
<b>Net Changes in Fund Balance</b>	<b>206,785.00</b>	<b>-</b>	<b>-</b>	<b>(22.69)</b>	<b>-</b>	<b>206,762.31</b>
Fund Balance - July 1	940,571.81	-	10,881.00	23.69	-	951,476.50
<b>Fund Balance - June 30</b>	<b>\$ 1,147,356.81</b>	<b>\$ -</b>	<b>\$ 10,881.00</b>	<b>\$ 1.00</b>	<b>\$ -</b>	<b>\$ 1,158,238.81</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 206,762.31

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$ (370,637.20)	
Capital outlay	<u>96,385.49</u>	
		(274,251.71)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Bonds Payable	645,000.00
---------------	------------

The costs associated with the issuance of bonds dated August 1, 2003 are amortized over the life of the bonds.

(4,701.83)

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

38,140.00

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.

8,809.62

Change in Net Assets of Governmental Activities

\$ 619,758.39

**CITY OF ABSECON SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	Business-Type Activities - Enterprise Fund		
	Food Service	After School Child Care	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 26,259.57	\$ 35,501.80	\$ 61,761.37
Interfund Receivable	49.99		49.99
Accounts Receivable	5,761.21		5,761.21
Inventory	822.75		822.75
Total Current Assets	<u>32,893.52</u>	<u>35,501.80</u>	<u>68,395.32</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	137,800.00	43,300.00	181,100.00
Less: Accumulated Depreciation	(137,030.00)	(43,300.00)	(180,330.00)
Total Noncurrent Assets	<u>770.00</u>	<u>-</u>	<u>770.00</u>
Total Assets	<u>\$ 33,663.52</u>	<u>\$ 35,501.80</u>	<u>\$ 69,165.32</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Prepaid Fees	\$ 3,324.52	\$ 1,875.00	\$ 5,199.52
Interfund Payable		927.88	927.88
Accounts Payable	2,612.92	810.60	3,423.52
Total Current Liabilities	<u>5,937.44</u>	<u>3,613.48</u>	<u>9,550.92</u>
Noncurrent Liabilities:			
Compensated absences	2,400.00	-	2,400.00
Total Noncurrent Liabilities	<u>2,400.00</u>	<u>-</u>	<u>2,400.00</u>
Total Liabilities	<u>8,337.44</u>	<u>3,613.48</u>	<u>11,950.92</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	770.00	-	770.00
Unrestricted	24,556.08	31,888.32	56,444.40
Total Net Assets	<u>\$ 25,326.08</u>	<u>\$ 31,888.32</u>	<u>\$ 57,214.40</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Fund		
	Food Service	After School Child Care	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 71,027.60	\$ -	\$ 71,027.60
Daily Sales - Non-reimbursable Programs	36,552.05		36,552.05
Tuition Fees		107,407.84	107,407.84
Registration Fees		3,760.00	3,760.00
Total Operating Revenue	<u>107,579.65</u>	<u>111,167.84</u>	<u>218,747.49</u>
Operating Expenses:			
Cost of Sales	88,570.67		88,570.67
Salaries	126,312.16	100,401.32	226,713.48
Employee Benefits	7,103.28	2,535.96	9,639.24
Depreciation	310.00		310.00
Miscellaneous	62.25		62.25
Maintenance	1,529.57		1,529.57
Supplies and Materials	6,222.43	8,860.45	15,082.88
Total Operating Expenses	<u>230,110.36</u>	<u>111,797.73</u>	<u>341,908.09</u>
Operating Income (Loss)	(122,530.71)	(629.89)	(123,160.60)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch/Breakfast Program	3,046.92		3,046.92
Federal Sources:			
National School Lunch/Breakfast Program	100,122.14		100,122.14
Food Distribution Program	6,935.90		6,935.90
Interest and Investment Income	236.83	202.30	439.13
Total Nonoperating Revenues (Expenses)	<u>110,341.79</u>	<u>202.30</u>	<u>110,544.09</u>
Income (Loss) before Contributions & Transfers	(12,188.92)	(427.59)	(12,616.51)
Transfers In (Out)			-
Changes in Net Assets	(12,188.92)	(427.59)	(12,616.51)
Total Net Assets - Beginning	37,515.00	32,315.91	69,830.91
Total Net Assets - Ending	<u>\$ 25,326.08</u>	<u>\$ 31,888.32</u>	<u>\$ 57,214.40</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Fund		
	Food Service	After School Center	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 107,583.96	\$ -	\$ 107,583.96
Receipts for Tuition and Registration		112,326.76	112,326.76
Payments to Employees	(126,312.16)	(99,751.29)	(226,063.45)
Payments for Employee Benefits	(8,453.28)	(2,535.96)	(10,989.24)
Payments to Suppliers	(98,230.21)	(8,150.51)	(106,380.72)
Net Cash Provided by (Used for) Operating Activities	<u>(125,411.69)</u>	<u>1,889.00</u>	<u>(123,522.69)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	3,153.35		3,153.35
Federal Sources	102,511.55		102,511.55
Food Distribution Program	6,935.90		6,935.90
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>112,600.80</u>	<u>-</u>	<u>112,600.80</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest and Dividends	236.83	202.30	439.13
Net Cash Provided by (Used for) Investing Activities	<u>236.83</u>	<u>202.30</u>	<u>439.13</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,574.06)	2,091.30	(10,482.76)
Balance - Beginning of Year	38,833.63	33,410.50	72,244.13
Balance - End of Year	<u>\$ 26,259.57</u>	<u>\$ 35,501.80</u>	<u>\$ 61,761.37</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (122,530.71)	\$ (629.89)	\$ (123,160.60)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	310.00		310.00
(Increase) Decrease in Inventories	(40.80)		(40.80)
(Increase) Decrease in Accounts Receivable		1,193.92	1,193.92
(Increase) Decrease in Interfund Receivable/Payable	(49.99)		(49.99)
Increase (Decrease) in Interfund Payable		927.88	927.88
Increase (Decrease) in Accounts Payable	(1,804.49)	432.09	(1,372.40)
Increase (Decrease) in Compensated Absences	(1,350.00)		(1,350.00)
Increase (Decrease) in Prepaid Meals/Tuition	54.30	(35.00)	19.30
Total Adjustments	<u>(2,880.98)</u>	<u>2,518.89</u>	<u>(362.09)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (125,411.69)</u>	<u>\$ 1,889.00</u>	<u>\$ (123,522.69)</u>

**CITY OF ABSECON DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	Unemployment Compensation	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 116,809.04	\$ 161,716.66	\$ 49,675.89
	<u>116,809.04</u>	<u>161,716.66</u>	<u>49,675.89</u>
<b>Total Assets</b>	<b><u>116,809.04</u></b>	<b><u>161,716.66</u></b>	<b><u>49,675.89</u></b>
<b>LIABILITIES</b>			
Interfund Payable			94.84
Payroll Deductions and Withholdings	1,744.16	-	13,513.77
Payable to Student Groups			36,067.28
<b>Total Liabilities</b>	<b><u>1,744.16</u></b>	<b><u>-</u></b>	<b><u>49,675.89</u></b>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 115,064.88</u>		
Reserve for Purpose of Trust		<u>\$ 161,716.66</u>	<u>\$ 0.00</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2011**

	Unemployment Compensation	Private Purpose Trust
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 16,515.82	\$ 84,100.00
Total Contributions	16,515.82	84,100.00
Investment Earnings:		
Interest	711.14	1,135.21
	711.14	1,135.21
Total Additions	17,226.96	85,235.21
<b>DEDUCTIONS</b>		
Unemployment Claims	21,199.34	
Quarterly Contributions	6,461.40	
Music Trust Disbursements		83,663.69
Total Deductions	27,660.74	-
Changes in Net Assets	(10,433.78)	1,571.52
Net Assets - Beginning of the Year	125,498.66	160,145.14
Net Assets - End of the Year	\$ 115,064.88	\$ 161,716.66

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the City of Absecon School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is a Type II district located in Cape May County. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the district is to educate students in grades K-8. The District operates an Elementary School and a Middle School located in the City of Absecon.

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

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

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

**B. Basis of Presentation, Measurement Focus and Basis of Accounting**

**Basis of Presentation**

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

*District-Wide Financial Statements:* The statement of net assets and the statement of activities display information about the district as a whole. These statements report the financial activities of the overall District, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by property taxes, intergovernmental revenues, and other non-exchange transactions from business-type activities, generally financed in whole or in part with fees charged to external parties.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges and fees paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing, or draws from the general revenues of the School District.

*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 ("Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**Governmental Funds**

The District reports the following governmental funds:

**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 non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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 sources that are legally restricted to expenditures for specified purposes.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

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.

Proprietary Funds

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and the After School Child Care Fund.

Fiduciary Funds

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

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Fund and the Tamara Duffy Memorial Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

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

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting - Continued**

**Measurement Focus and Basis of Accounting**

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

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments/transfer must be approved by School Board resolution. All budget 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.

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Budgets/Budgetary Control - Continued**

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011 and 2010, there were adjustments between the budgetary basis and GAAP basis due to the delay in the last state aid payment.

**D. Encumbrance Accounting**

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

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**E. Assets, Liabilities and Equity**

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, bank deposits and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Cash, Cash Equivalents and Investments - Continued

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

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first in, first out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

Compensated Absences

The District accounts for compensated absences (e.g., unused sick, vacation leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Assets, Liabilities and Equity - Continued**

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.

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by Board of School Estimates, the Board of Education, Superintendent or Business Administrator.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities and Equity - Continued**

Revenues – Exchange and Nonexchange Transactions

Revenues 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 income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlement, and donations is recognized in the period 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 specific 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 as an advance, interest and tuition.

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**E. Assets, Liabilities and Equity - Continued**

Extraordinary and Special Items

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

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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unity Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. Operating cash, in the form various checking, savings and certificates of deposit, are held in the District's name by commercial banking institutions. At June 30, 2011, the carrying amount of the District's deposits was \$1,811,297.29 and the bank balance was \$2,020,845.01. Of the bank balance, \$574,511.73 was uninsured and uncollateralized.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for custodial credit risk.

Investments

The District had no investments at June 30, 2011.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 3 – RECEIVABLES**

Receivables at June 30, 2011, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 99,767.13	\$ 100,074.32
Federal Aid	215,665.00	221,119.02
Interfunds	972.73	94.84
Other Receivables	16,018.06	16,018.06
Gross Receivables	332,422.92	337,306.24
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 332,422.92	\$ 337,306.24

**NOTE 4 – INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund; and (2) repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 972.73	\$
Food Service Fund	49.99	
Agency		94.84
After School Program		927.88
Total	\$ 1,022.72	\$ 1,022.72

The general fund receivable is comprised of two interfunds. The first receivable is from the agency account in the amount of \$94.94. This receivable represents an overage paid to the payroll account during the year. The other receivable due to the general fund is from the After School Program for \$877.89. This amount represents payroll due to the general account. The food service fund also has a receivable due from the After School Program for snack purchases in the amount of \$49.99.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 5 – INVENTORY**

Inventory in the Food Service Enterprise Fund at June 30, 2011, consisted of the following:

Food	\$	783.75
Supplies		<u>39.00</u>
	\$	<u><u>822.75</u></u>

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,956,141.00	\$ -	\$ -	\$ 1,956,141.00
Total capital assets not being depreciated	<u>1,956,141.00</u>	<u>-</u>	<u>-</u>	<u>1,956,141.00</u>
Capital assets being depreciated:				
Site Improvements	586,013.25	27,460.00		613,473.25
Buildings and building improvements	16,871,405.46	29,145.00		16,900,550.46
Equipment	759,225.29	39,780.49	(3,687.96)	795,317.82
Total capital assets being depreciated at historical cost	<u>18,216,644.00</u>	<u>96,385.49</u>	<u>(3,687.96)</u>	<u>18,309,341.53</u>
Less accumulated depreciation for:				
Site Improvements	(497,224.31)	(6,316.81)		(503,541.12)
Buildings and improvements	(6,744,030.60)	(348,515.19)		(7,092,545.79)
Equipment	(589,967.71)	(15,805.20)	3,687.96	(602,084.95)
Total capital assets being depreciated, net of accumulated depreciation	<u>10,385,421.38</u>	<u>(274,251.71)</u>	<u>-</u>	<u>10,111,169.67</u>
Governmental activity capital assets, net	<u>\$ 12,341,562.38</u>	<u>\$ (274,251.71)</u>	<u>\$ -</u>	<u>\$ 12,067,310.67</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 137,800.00	\$ -	\$ -	\$ 137,800.00
Less accumulated depreciation	<u>(136,720.00)</u>	<u>(310.00)</u>	<u>-</u>	<u>(137,030.00)</u>
Enterprise Fund capital assets, net	<u>\$ 1,080.00</u>	<u>\$ (310.00)</u>	<u>\$ -</u>	<u>\$ 770.00</u>

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Issues or Additions	Payments or Expenditures	Balance June 30, 2011	Amounts Due Within One Year
Bonds Payable	\$ 1,282,000.00	\$	\$ 645,000.00	\$ 637,000.00	\$ 637,000.00
Compensated Absences	297,917.50	(39,490.00)		258,427.50	
	<u>\$ 1,579,917.50</u>	<u>\$ (39,490.00)</u>	<u>\$ 645,000.00</u>	<u>\$ 895,427.50</u>	<u>\$ 637,000.00</u>

Compensated absences have been liquidated in the General Fund.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2011, bonds payable consisted of the following issues:

\$2,402,000 General Obligation Bonds dated August 1, 2003, due in annual installments through August 1, 2011, bearing interest at a rate of 3.30%. The balance remaining as of June 30, 2011 is \$637,000.

Debt service requirements on serial bonds payable at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 637,000.00	\$ 10,510.50	\$ 647,510.50
	<u>\$ 637,000.00</u>	<u>\$ 10,510.50</u>	<u>\$ 647,510.50</u>

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 8 – PENSION PLANS**

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

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution at retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has no employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2011.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 8 – PENSION PLANS - Continued**

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) that changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2011, the State of New Jersey contributed \$16,388.00 for non-contributory insurance for TPAF members and \$348,086.00 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$407,930.63 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB Statement No. 24.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2011, 2010 and 2009 were \$119,532.00, \$95,874.00 and \$83,592.00 respectively, equal to the required contributions each year.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 9 – POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (“the SHBP”), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NOTE 10 – COMPENSATED ABSENCES**

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, there is a liability for compensated absences in the Food Service Fund of \$2,400.00.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 11 – DEFERRED COMPENSATION**

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

- Equitable Life
- Lincoln Investment Planning, Inc.
- Thomas Seely Agency, Inc.

**NOTE 12 – CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by City of Absecon Board of Education by the inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-2.13(g) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$	112,060.05
Interest earnings	\$	698.54
Deposits:		
None	-	698.54
		698.54
Withdrawals:		
None		-
		-
Ending balance, June 30, 2011	\$	112,758.59

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 13 – DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (8 years). The costs associated with the issue of the bonds dated August 1, 2003 amounted to \$37,614.61. The amortization expense for the year ended June 30, 2011 is \$4,701.83.

**NOTE 14 – RISK MANAGEMENT**

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability 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, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	None	\$ 12,593.26	\$ 23,027.04	\$ 115,064.88
2009-2010	None	19,460.09	7,698.73	125,498.66
2008-2009	None	17,771.48	3,816.79	123,948.74

**NOTE 15 – CONTINGENT LIABILITIES**

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The 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 would result in the disallowance of program expenditures.

**NOTE 16 – ECONOMIC DEPENDENCY**

The District receives support from federal government and from the state government. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 17 – FUND BALANCE APPROPRIATED**

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Regular Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below;

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2011.

Restricted Fund Balance

Capital Reserve Account – Of the \$112,758.59 balance in the capital reserve account at June 30, 2011. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

Emergency Reserve Account – As of June 30, 2011, the balance in the emergency reserve was \$50,060.00. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Waiver Offset Reserve – As of June 30, 2011, the Waiver Offset Reserve has a restricted fund balance of \$183,169.00. This reserve represents the amount of general fund balance set aside for approved waiver requests in accordance with N.J.S.A. 6A: 23A-13.1.

Tuition Reserve Account – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the district has a restricted fund balance in the amount of the \$12,600.00 in a legal reserve for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year.

Reserve for Excess Surplus – There was excess fund balance in the amount of \$200,690.87 at June 30, 2011. This amount will be appropriated as revenue in support of the 2012-2013 School Budget. \$133,041.55 was appropriated in the 2011-2012 school budget and was restricted as of June 30, 2011.

Committed Fund Balance - The District has no committed fund balance at June 30, 2011.

**CITY OF ABSECON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 17 – FUND BALANCE APPROPRIATED - Continued**

Assigned Fund Balance – At June 30, 2011, the Board of Education has assigned and the voters have approved, \$150,112.45 of general fund balance to expenditures in the 2011-12 budget and \$44,975.00 of general fund balance to expenditures in the 2012-13 budget to be used for future tuition adjustments.

In addition, the District assigned fund balance in the general fund for other purposes of \$17,206.23. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance – At June 30, 2011, the District has \$242,743.12 of unassigned fund balance in the general fund, \$10,881.00 in the Capital Projects fund and \$1.00 in the debt service fund.

**NOTE 18 – CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, 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 of budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$200,690.87.

**NOTE 19 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2011 through October 14, 2011, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**NOTE 20 – COMMITMENTS**

The District has not adopted encumbrance policy for the fiscal year end to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund. There were no significant encumbrances outstanding at year end.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**CITY OF ABSECON SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 9,518,290.00	\$ -	\$ 9,518,290.00	\$ 9,518,290.00	\$ -
Interest Earned on Capital Reserve Funds	5.00		5.00	698.54	693.54
Interest Earned on Investments	2,010.00		2,010.00	7,498.35	5,488.35
Miscellaneous			-	1,932.08	1,932.08
Prior Year Reimbursement			-	18,654.32	18,654.32
Facility / Transportation Fees	5,100.00		5,100.00	1,817.00	(3,483.00)
Tuition	34,652.00		34,652.00	39,313.02	4,661.02
<b>Total Local Sources</b>	<b>9,560,057.00</b>	<b>-</b>	<b>9,560,057.00</b>	<b>9,588,003.31</b>	<b>27,946.31</b>
State Sources:					
Special Education Aid	188,982.00	265,198.00	454,180.00	454,180.00	-
Equalization Aid	857,351.00	(265,198.00)	592,153.00	592,153.00	-
Extraordinary Aid			-	40,176.00	40,176.00
Non-public Transportation Aid			-	10,664.12	10,664.12
TPAF Pension (On-Behalf - Non-Budgeted)			-	364,474.00	364,474.00
TPAF Social Security (Reimbursed- Non-Budgeted)			-	407,930.63	407,930.63
<b>Total State Sources</b>	<b>1,046,333.00</b>	<b>-</b>	<b>1,048,333.00</b>	<b>1,869,577.75</b>	<b>823,244.75</b>
<b>Total Revenues</b>	<b>10,606,390.00</b>	<b>-</b>	<b>10,606,390.00</b>	<b>11,457,581.06</b>	<b>851,191.06</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>REGULAR PROGRAMS - INSTRUCTION</b>					
Preschool/Kindergarten - Salaries of Teachers	283,725.00	(1,909.58)	281,815.42	280,969.53	845.89
Grades 1 - 5 - Salaries of Teachers	1,714,835.00	(12,333.81)	1,702,501.19	1,702,500.69	0.50
Grades 6 - 8 - Salaries of Teachers	1,285,077.00	(18,324.00)	1,266,753.00	1,266,748.02	4.98
Regular Programs - Home Instruction					
Salaries of Teachers	2,500.00	14,360.00	18,880.00	16,860.00	-
Purchased Professional - Educational Services	3,300.00	760.00	4,060.00	3,900.00	160.00
Purchased Technical Services	7,950.00	(5,280.00)	2,670.00	-	2,670.00
Other Purchased Services	27,917.00	(8,104.00)	19,813.00	18,359.17	1,453.83
General Supplies	143,944.00	(4,500.60)	139,443.40	138,494.09	2,949.31
Textbooks	20,000.00	32,094.40	52,094.40	31,169.48	20,924.92
Other Objects	275.00	-	275.00	231.50	43.50
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>3,489,523.00</b>	<b>(3,237.59)</b>	<b>3,488,285.41</b>	<b>3,457,232.48</b>	<b>29,052.93</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities					
Salaries of Teachers	162,840.00	750.00	163,590.00	163,590.00	-
Other Salaries for Instruction	43,712.00	315.00	44,027.00	44,027.00	-
General Supplies	500.00	-	500.00	481.68	18.32
Textbooks	600.00	(600.00)	-	-	-
<b>Total Learning and/or Language Disabilities</b>	<b>207,652.00</b>	<b>465.00</b>	<b>208,117.00</b>	<b>208,098.68</b>	<b>18.32</b>
Multiple Disabilities					
Salaries of Teachers	195,947.00	(79,306.00)	118,641.00	118,539.00	102.00
Other Salaries for Instruction	65,749.00	761.00	66,510.00	66,041.50	488.50
General Supplies	550.00	81.00	631.00	561.70	69.30
Textbooks	100.00	(100.00)	-	-	-
<b>Total Multiple Disabilities</b>	<b>262,348.00</b>	<b>(78,564.00)</b>	<b>183,782.00</b>	<b>183,142.20</b>	<b>639.80</b>
Resource Room/Resource Center					
Salaries of Teachers	\$ 435,365.00	\$ 81,665.00	\$ 497,030.00	\$ 493,477.77	\$ 3,552.23
General Supplies	1,500.00	(285.00)	1,215.00	1,077.09	137.91
Textbooks	800.00	-	800.00	305.82	494.18
<b>Total Resource Room/Resource Center</b>	<b>437,665.00</b>	<b>61,380.00</b>	<b>499,045.00</b>	<b>494,860.68</b>	<b>4,184.32</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Preschool Disabilities - Part Time					
Salaries of Teachers	75,747.00	-	75,747.00	75,597.00	150.00
Other Salaries for Instruction	15,116.00	-	15,116.00	13,955.84	1,160.16
General Supplies	500.00	-	500.00	487.69	12.31
Total Preschool Disabilities - Part Time	<u>91,363.00</u>	<u>-</u>	<u>91,363.00</u>	<u>90,040.53</u>	<u>1,322.47</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>999,028.00</b>	<b>(16,719.00)</b>	<b>982,307.00</b>	<b>976,142.09</b>	<b>6,164.91</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	75,489.00	(7,285.00)	68,204.00	68,204.00	-
General Supplies	1,400.00	(75.00)	1,325.00	1,229.79	95.21
Textbooks	1,800.00	(440.00)	1,160.00	-	1,180.00
Total Basic Skills/Remedial - Instruction	<u>78,489.00</u>	<u>(7,800.00)</u>	<u>70,689.00</u>	<u>69,433.79</u>	<u>1,255.21</u>
Bilingual Education - Instruction					
Salaries of Teachers	139,221.00	-	139,221.00	139,221.00	-
General Supplies	350.00	1,200.00	1,550.00	1,374.93	175.07
Total Bilingual Education - Instruction	<u>139,571.00</u>	<u>1,200.00</u>	<u>140,771.00</u>	<u>140,595.93</u>	<u>175.07</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	-	24,500.00	24,500.00	24,500.00	-
Other Purchased Service	26,250.00	(26,250.00)	-	-	-
Total School-Spon. Cocurricular Activities - Inst.	<u>26,250.00</u>	<u>(1,750.00)</u>	<u>24,500.00</u>	<u>24,500.00</u>	<u>-</u>
School-Sponsored Athletics - Instruction					
Salaries	7,000.00	1,750.00	8,750.00	8,750.00	-
Total School-Sponsored Athletics - Instruction	<u>7,000.00</u>	<u>1,750.00</u>	<u>8,750.00</u>	<u>8,750.00</u>	<u>-</u>
After School Programs					
Salaries of Teachers	26,200.00	(2,900.00)	23,300.00	13,066.40	10,233.60
General Supplies	3,500.00	-	3,500.00	-	3,500.00
Total After School Programs	<u>29,700.00</u>	<u>(2,900.00)</u>	<u>26,800.00</u>	<u>13,066.40</u>	<u>13,733.60</u>
Community Services Programs/Operations					
Supplies and Materials	300.00	-	300.00	42.48	257.52
Total Community Services Programs/Operations	<u>300.00</u>	<u>-</u>	<u>300.00</u>	<u>42.48</u>	<u>257.52</u>
<b>TOTAL INSTRUCTION</b>	<b>4,769,859.00</b>	<b>(29,456.59)</b>	<b>4,740,402.41</b>	<b>4,689,763.17</b>	<b>50,639.24</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Instruction					
Tuition to Other LEA's Within the State - Regular	49,746.00	35,000.00	84,746.00	80,746.00	4,000.00
Tuition to County Voc School Dist - Regular	120,999.00	-	120,999.00	120,999.00	-
Tuition to CSSD & Regional Day Schools	457,334.00	(150,246.76)	307,087.24	198,506.89	108,580.35
Tuition to Private Schools for the Disabled - Within State	42,613.00	48,079.76	88,692.76	88,692.76	-
State Facilities	22,771.00	-	22,771.00	22,771.00	-
Total Undistributed Expenditures - Instruction	<u>693,463.00</u>	<u>(69,167.00)</u>	<u>624,296.00</u>	<u>511,715.65</u>	<u>112,580.35</u>
Undistributed Expenditures-Attendance					
Salaries	29,360.00	-	29,360.00	29,359.92	0.08
Purchased Professional & Technical Supplies	4,100.00	(3,212.27)	887.73	-	887.73
Supplies	300.00	12.27	312.27	306.27	6.00
Total Undistributed Expenditures-Attendance	<u>33,760.00</u>	<u>(3,200.00)</u>	<u>30,560.00</u>	<u>29,666.19</u>	<u>893.81</u>
Undistributed Expend. - Health Services					
Salaries	69,738.00	75.00	69,813.00	69,813.00	-
Purchased Services (300-500 series)	7,480.00	(372.65)	7,087.35	7,000.00	87.35
Supplies & Materials	2,000.00	1,282.65	3,282.65	3,282.65	-
Total Undistributed Expend. - Health Services	<u>79,198.00</u>	<u>985.00</u>	<u>80,183.00</u>	<u>80,095.65</u>	<u>87.35</u>
Undist. Expend. - Other Support Serv. Students - Related Services					
Salaries of Other Professional Staff	\$ 84,372.00	\$ (10,003.76)	\$ 54,388.24	\$ 54,368.24	\$ -
Purchased Professional - Educational Services	46,000.00	(893.00)	45,107.00	34,317.65	10,789.35
Supplies & Materials	300.00	-	300.00	-	300.00
Total Undist. Expend. - Other Support Services Students - Related Services	<u>110,672.00</u>	<u>(10,896.76)</u>	<u>99,775.24</u>	<u>88,685.89</u>	<u>11,089.35</u>
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	65,890.00	26,181.10	92,071.10	84,184.52	7,886.58
Purchased Professional - Educational Services	4,000.00	(2,057.34)	1,942.66	1,700.00	242.66
Supplies	500.00	-	500.00	280.00	220.00
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services	<u>70,390.00</u>	<u>24,123.76</u>	<u>94,513.76</u>	<u>86,164.52</u>	<u>6,349.24</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Other Support Serv. Students - Guidance					
Salaries of Other Professional Staff	83,629.00	893.00	84,522.00	84,522.00	-
Purchased Services (300-500 series)	2,700.00	-	2,700.00	2,246.12	453.88
Supplies & Materials	2,910.00	-	2,910.00	2,881.35	28.65
Total Undist. Expend. - Other Support Services Students - Regular	<u>89,239.00</u>	<u>893.00</u>	<u>90,132.00</u>	<u>89,649.47</u>	<u>482.53</u>
Undist. Expend. - Other Support Serv. Students - Child Study Team					
Salaries of Other Professional Staff	240,950.00	-	240,950.00	237,950.00	3,000.00
Salaries of Secretarial and Clerical Assistants	31,947.00	0.12	31,947.12	31,947.12	-
Other Salaries	5,000.00	-	5,000.00	3,630.00	1,370.00
Other Purchased Technical Services	3,425.00	(1,000.12)	2,424.88	2,400.00	24.88
Misc. Purchased Services (400-500 series o/than res)	3,400.00	-	3,400.00	2,592.00	808.00
Supplies & Materials	2,262.00	-	2,262.00	2,138.14	123.86
Total Undist. Expend. - Other Support Services Students - Special	<u>286,984.00</u>	<u>(1,000.00)</u>	<u>285,984.00</u>	<u>280,657.28</u>	<u>5,328.74</u>
Undist. - Improvement of Instructional Services					
Other Salaries	-	1,600.00	1,600.00	1,600.00	-
Total Undist. - Improvement of Instructional Services	<u>-</u>	<u>1,600.00</u>	<u>1,600.00</u>	<u>1,600.00</u>	<u>-</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	66,487.00	490.00	66,977.00	66,957.00	-
Tech Salaries	66,955.00	10,509.00	97,464.00	97,448.67	15.33
Purchased Professional and Technical Services	8,988.00	(1,765.00)	7,223.00	7,108.03	114.97
Other Purchased Services	350.00	(225.00)	125.00	-	125.00
Supplies and Materials	13,476.00	(2,500.00)	10,976.00	10,641.66	334.34
Total Undistributed Expenditures - Educational Media Services - School Library	<u>176,236.00</u>	<u>6,509.00</u>	<u>182,745.00</u>	<u>182,155.36</u>	<u>589.64</u>
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	-	864.00	864.00	864.00	-
Total Undistributed Expenditures - Instructional Staff Training Services	<u>-</u>	<u>864.00</u>	<u>864.00</u>	<u>864.00</u>	<u>-</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 176,653.00	\$ 0.12	\$ 176,653.12	\$ 176,564.69	\$ 88.43
Legal Services	17,000.00	(4,000.00)	13,000.00	5,176.50	7,823.50
Audit Services	20,000.00	(1,400.00)	18,600.00	18,600.00	-
Other Purchased Professional/Tech Services	11,745.00	90.00	11,835.00	11,327.01	507.99
Communications/Telephone	28,000.00	(4,280.76)	23,719.24	17,937.60	5,781.64
Other Purchased Services (400-500 series)	35,531.00	1,590.64	37,121.64	34,767.91	2,353.73
BOE - Other Purchased Services	2,500.00	(2,000.00)	500.00	273.16	226.84
Supplies and Materials	2,500.00	-	2,500.00	1,679.20	620.80
Meeting Supplies - BOE	250.00	-	250.00	84.46	165.54
Miscellaneous Expenditures	4,300.00	-	4,300.00	2,630.90	1,669.10
Miscellaneous Expenditures - BOE	6,825.00	(1,000.00)	5,825.00	5,776.00	49.00
Total Undistributed Expenditures - Support Services - General Administration	<u>305,304.00</u>	<u>(11,000.00)</u>	<u>294,304.00</u>	<u>275,017.43</u>	<u>19,286.57</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	200,161.00	-	200,161.00	200,160.96	0.04
Salaries of Other Professional Staff	2,600.00	-	2,600.00	2,600.00	-
Salaries of Secretarial and Clerical Assistants	87,854.00	-	87,854.00	87,853.93	0.07
Other Purchased Services (400-500 series)	14,750.00	(2,721.40)	12,028.60	7,200.00	4,828.60
Supplies & Materials	7,200.00	2,721.40	9,921.40	8,265.79	1,655.61
Other Objects	2,400.00	-	2,400.00	2,209.00	191.00
Total Undistributed Expenditures - Support Services - School Administration	<u>314,965.00</u>	<u>-</u>	<u>314,965.00</u>	<u>308,289.68</u>	<u>6,675.32</u>
Undist. Expend. - Central Services					
Salaries	176,284.00	470.92	176,754.92	176,245.92	509.00
Purchased Professional Services	6,250.00	8,900.00	15,150.00	14,225.00	925.00
Purchased Technical Services	6,500.00	1,171.50	7,671.50	7,671.50	-
Misc. Purchased Services (400-500 series o/than res)	4,750.00	(2,446.60)	2,303.40	2,091.55	209.65
Supplies & Materials	1,451.00	1,536.16	2,987.16	2,987.18	-
Miscellaneous Expenditures	1,000.00	170.00	1,170.00	1,170.00	-
Total Undistributed Expenditures - Business Other Support Services	<u>196,235.00</u>	<u>9,800.00</u>	<u>206,035.00</u>	<u>204,391.15</u>	<u>1,643.65</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Admin Info Technology					
Purchased Technical Services	6,075.00	313.95	6,388.95	6,255.95	133.00
Supplies & Materials	-	2,111.80	2,111.80	2,111.80	-
<b>Total</b>	<b>6,075.00</b>	<b>2,425.75</b>	<b>8,500.75</b>	<b>8,367.75</b>	<b>133.00</b>
Undist. Expend. - Required Maint. For School Fac.					
Salaries	50,000.00	-	50,000.00	49,999.92	0.08
Cleaning, Repair and Maintenance Service	30,000.00	416.87	30,416.87	25,824.39	4,592.48
General Supplies	10,000.00	5,101.80	15,101.60	14,506.46	595.14
Other Objects	-	1,500.00	1,500.00	1,500.00	-
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>90,000.00</b>	<b>7,018.47</b>	<b>97,018.47</b>	<b>91,830.77</b>	<b>5,187.70</b>
Undist. Expend. - Other Oper. & Maint. of Plant					
Salaries	272,578.00	14,800.12	287,378.12	286,059.02	1,319.10
Purchased Professional and Technical Services	2,500.00	(2,500.00)	-	-	-
Cleaning, Repair and Maintenance Service	10,750.00	3,478.60	14,228.60	14,118.60	110.00
Other Purchased Property Services	28,800.00	2,359.00	31,159.00	30,539.82	619.38
Insurance	34,800.00	(7,235.80)	27,364.40	27,320.87	43.53
General Supplies	27,800.00	8,653.25	34,453.25	34,453.25	-
Energy - Gas	45,760.00	(738.45)	45,023.55	40,102.04	4,921.51
Energy - Electricity	223,000.00	(13,470.40)	209,529.60	198,134.01	11,395.59
Other Objects	250.00	-	250.00	225.00	25.00
<b>Total Undistributed Expenditures - Other Operations and Maintenance of Plant</b>	<b>646,038.00</b>	<b>3,348.52</b>	<b>649,386.52</b>	<b>630,952.41</b>	<b>18,434.11</b>
<b>Total Undistributed Expenditures Operations and Maintenance of Plant</b>	<b>738,038.00</b>	<b>10,366.99</b>	<b>748,404.99</b>	<b>722,783.18</b>	<b>23,821.81</b>
Care and Upkeep of Grounds					
Salaries	38,529.00	343.99	38,872.99	38,872.99	-
Cleaning, Repair and Maintenance Services	5,000.00	(2,225.23)	2,774.77	2,517.87	256.90
General Supplies	5,000.00	1,219.44	6,219.44	6,219.44	-
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>48,529.00</b>	<b>(661.80)</b>	<b>47,867.20</b>	<b>47,610.30</b>	<b>256.90</b>
Security					
General Supplies	\$ -	\$ 2,356.43	\$ 2,356.43	\$ 2,341.14	\$ 15.29
<b>Total Undistributed Expenditures - Security</b>	<b>-</b>	<b>2,356.43</b>	<b>2,356.43</b>	<b>2,341.14</b>	<b>15.29</b>
Undist. Expend. - Student Transportation Serv.					
Sal for Pupil Trans -(Bet Home & Sch)-Reg.	4,000.00	-	4,000.00	4,000.00	-
Sal for Pupil Trans -(Bet Home & Sch)- Sp. Ed	1,000.00	-	1,000.00	1,000.00	-
Sal for Pupil Trans -(Bet Home & Sch)-NonPublic	1,000.00	-	1,000.00	1,000.00	-
Transportation - Aid In Lieu - Non Public	12,376.00	5,480.78	17,856.76	16,648.50	1,208.26
Transportation - Aid In Lieu - Charter Schools	7,956.00	-	7,956.00	6,836.22	1,119.78
Contract Serv. - (Bet. Home & School)-Joint Agmnts	128,952.00	3,975.51	130,927.51	130,809.30	118.21
Contracted Services - (Sp Ed Stds)-Joint Agmnts	242,738.00	(36,319.05)	206,418.95	198,598.88	7,820.27
Contr. Serv. - (Regular Students) ESC's & CTSA's	47,250.00	-	47,250.00	45,698.12	1,551.88
General Supplies	-	42.78	42.78	42.78	-
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>443,272.00</b>	<b>(26,820.00)</b>	<b>416,452.00</b>	<b>404,633.60</b>	<b>11,818.40</b>
Unallocated Benefits					
Social Security Contributions	105,000.00	(7,720.00)	97,280.00	90,711.74	6,568.26
TPAF Contribution - ERIP	100,000.00	20,782.00	120,782.00	120,125.47	656.53
Workmen's Compensation	90,000.00	(4,889.00)	85,111.00	85,111.00	-
Health Benefits	1,694,393.00	(92,938.08)	1,601,454.92	1,570,607.09	30,847.83
Tuition Reimbursement	40,000.00	-	40,000.00	31,701.23	8,298.77
Other Employee Benefits	10,000.00	77,208.48	87,208.48	87,206.48	2.00
<b>Total Unallocated Benefits</b>	<b>2,039,393.00</b>	<b>(7,558.60)</b>	<b>2,031,834.40</b>	<b>1,985,483.01</b>	<b>46,371.39</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (non-bud)			-	364,474.00	(364,474.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	407,930.63	(407,930.63)
Total On-Behalf Contributions	-	-	-	772,404.63	(772,404.63)
Total Personal Services - Employee Benefits	2,039,393.00	(7,558.80)	2,031,834.40	2,757,887.64	(726,033.24)
TOTAL UNDISTRIBUTED EXPENDITURES	5,829,753.00	(70,380.23)	5,559,372.77	6,082,555.86	(523,183.09)
TOTAL GENERAL CURRENT EXPENSE	10,399,612.00	(99,836.82)	10,299,775.18	10,772,319.03	(472,543.85)
CAPITAL OUTLAY					
Regular Programs					
Admin Info Tech - Equipment	-	4,218.24	4,218.24	4,218.24	-
Required Maintenance	-	18,423.00	18,423.00	18,423.00	-
Care & Upkeep of Grounds Equipment	-	25,770.00	25,770.00	25,770.00	-
Security Equipment	-	5,524.99	5,524.99	5,524.99	-
Facilities Construction- Purchased Professional Serv	-	9,500.00	9,500.00	-	9,500.00
Facilities Construction - Construction Services	49,114.00	5,159.00	54,273.00	49,919.00	4,354.00
TOTAL CAPITAL OUTLAY	49,114.00	68,595.23	117,709.23	103,855.23	13,854.00
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers/Aides	13,120.00	204.00	13,324.00	13,324.00	-
General Supplies	-	144.80	144.80	144.80	-
Total Summer School	13,120.00	348.80	13,468.80	13,468.80	-
TOTAL SPECIAL SCHOOLS	13,120.00	348.80	13,468.80	13,468.80	-
Transfer of Funds to Charter Schools	347,595.00	117,857.00	465,452.00	415,335.00	50,117.00
TOTAL EXPENDITURES	10,809,441.00	86,964.21	10,896,405.21	11,304,978.06	(408,572.85)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(203,051.00)	(86,964.21)	(290,015.21)	152,603.00	442,618.21
Other Financing Sources:					
Operating Transfers In:					
None	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (203,051.00)	\$ -	\$ (290,015.21)	\$ 152,603.00	\$ 442,618.21
Fund Balance July 1	1,052,850.81		1,052,850.81	1,052,850.81	-
Fund Balance June 30	\$ 849,799.81	\$ -	\$ 782,835.60	\$ 1,205,453.81	\$ 442,618.21
Recapitulation:					
Nonspendable Fund Balance					
None				\$ -	
Restricted Fund Balance:					
Capital Reserve				112,758.59	
Emergency Reserve				50,060.00	
Tuition Reserve				12,600.00	
Waiver Offset Reserve				183,169.00	
Excess Surplus - Current Year				200,690.87	
Excess Surplus - Designated for Subsequent Year's Expenditures				133,041.55	
Committed Fund Balance:					
None					
Assigned Fund Balance:					
Year-end Encumbrances				17,206.23	
Designated for Subsequent Year's Expenditures				150,112.45	
Tuition Reserve Designated for Subsequent Year's Expenditures				18,375.00	
Tuition Reserve Designated for Subsequent Year's Expenditures				28,800.00	
Unassigned Fund Balance				300,840.12	
				1,205,453.81	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				58,097.00	
Fund Balance per Governmental Funds (GAAP)				\$ 1,147,356.81	

**CITY OF ABSECON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$ 294,443.00	\$ (12,711.00)	\$ 281,732.00	\$ 221,857.04	\$ 59,874.96
Federal Sources	446,293.00	481,990.93	928,283.93	792,911.95	135,371.98
<b>Total Revenues</b>	<b>740,736.00</b>	<b>469,279.93</b>	<b>1,210,015.93</b>	<b>1,014,768.99</b>	<b>195,246.94</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	124,000.00	21,301.00	145,301.00	142,760.33	2,540.67
Other Salaries for Instruction	6,905.00	1,569.00	8,474.00	8,474.00	-
Purchased Professional and Technical Services	192,115.00	62,350.70	254,465.70	186,768.74	67,696.96
Other Purchased Services (400-500 series)	281,087.00	(57,304.00)	223,783.00	223,783.00	-
Supplies and Materials	855.00	64,244.30	65,099.30	64,907.19	192.11
Textbooks	46,814.00	(4,127.00)	42,687.00	42,681.67	5.33
<b>Total Instruction</b>	<b>651,776.00</b>	<b>88,034.00</b>	<b>739,810.00</b>	<b>669,374.93</b>	<b>70,435.07</b>
Support Services:					
Personal Services - Employee Benefits	24,218.00	2,909.12	27,127.12	19,697.32	7,429.80
Purchased Professional Technical Services	61,118.00	87,849.00	148,967.00	50,580.00	98,387.00
Purchased Professional - Educational Services	3,024.00	286,037.12	289,061.12	271,408.95	17,652.17
Other Purchased Services (400-500 series)	600.00	1,889.19	2,489.19	1,146.29	1,342.90
Supplies & Materials		2,561.50	2,561.50	2,561.50	-
<b>Total Support Services</b>	<b>88,960.00</b>	<b>381,245.93</b>	<b>470,205.93</b>	<b>345,394.06</b>	<b>124,811.87</b>
<b>Total Outflows</b>	<b>740,736.00</b>	<b>469,279.93</b>	<b>1,210,015.93</b>	<b>1,014,768.99</b>	<b>195,246.94</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ABSECON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Year Ended June 30, 2011**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>			<u>Special Revenue Fund</u>
<b>Sources / inflows of resources</b>					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 11,457,581.06	[C-2]		\$ 1,014,768.99
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
Prior year final State Aid payment was delayed until July 2010 and is recorded as revenue in current year under GAAP.		112,279.00			
Final State Aid payment delayed until July 2011 is recorded as budgetary revenue but is not recognized under GAAP.		(58,097.00)			
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 11,511,763.06</u>	[B-2]		<u>\$ 1,014,768.99</u>
<b>Uses / outflows of resources</b>					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 11,304,978.06	[C-2]		\$ 1,014,768.99
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.					
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 11,304,978.06</u>	[B-2]		<u>\$ 1,014,768.99</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**CITY OF ABSECON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2011**

	Total Brought Forward (Ex. E-1a)	Title I Part A	Title III Immigrant	I.D.E.A B-Basic Reg. Program	I.D.E.A Preschool	Totals 2011
<b>REVENUES:</b>						
State Sources	\$ 221,857.04	\$ -	-	\$ -	-	\$ 221,857.04
Federal Sources	274,115.27	122,624.26	12,184.00	374,866.42	9,122.00	792,911.95
<b>Total Revenues</b>	<b>495,972.31</b>	<b>122,624.26</b>	<b>12,184.00</b>	<b>374,866.42</b>	<b>9,122.00</b>	<b>1,014,768.99</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	36,327.33	96,349.00	10,084.00			142,760.33
Other Salaries for Instruction					8,474.00	8,474.00
Purchased Professional and Technical Services	186,768.74			223,783.00		186,768.74
Other Purchased Services (400-500 series)						223,783.00
Supplies and Materials	57,952.14	6,374.77	580.28			64,907.19
Textbooks	42,681.67					42,681.67
<b>Total Instruction</b>	<b>323,729.88</b>	<b>102,723.77</b>	<b>10,664.28</b>	<b>223,783.00</b>	<b>8,474.00</b>	<b>669,374.93</b>
Support Services:						
Personal Services - Employee Benefits	4,172.40	14,105.49	771.43		648.00	19,697.32
Purchased Professional Technical Services	50,580.00					50,580.00
Purchased Professional - Educational Services	114,530.53	5,795.00		151,083.42		271,408.95
Other Purchased Services (400-500 series)	398.00		748.29			1,146.29
Supplies & Materials	2,561.50					2,561.50
<b>Total Support Services</b>	<b>172,242.43</b>	<b>19,900.49</b>	<b>1,519.72</b>	<b>151,083.42</b>	<b>648.00</b>	<b>345,394.06</b>
<b>Total Outflows</b>	<b>495,972.31</b>	<b>122,624.26</b>	<b>12,184.00</b>	<b>374,866.42</b>	<b>9,122.00</b>	<b>1,014,768.99</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2011**

	Total Brought Forward (Ex. E-1b)	Title IIA	Title IID	Title IV	Totals 2011
<b>REVENUES:</b>					
State Sources	\$ 221,857.04	\$ -	-	-	\$ 221,857.04
Federal Sources	227,583.40	39,470.40	279.93	6,781.54	274,115.27
<b>Total Revenues</b>	<b>449,440.44</b>	<b>39,470.40</b>	<b>279.93</b>	<b>6,781.54</b>	<b>495,972.31</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	7,827.33	28,500.00			36,327.33
Other Salaries for Instruction					-
Purchased Professional and Technical Services	186,768.74				186,768.74
Other Purchased Services (400-500 series)	51,097.09		73.51	6,781.54	-
Supplies and Materials	42,681.67				57,952.14
Textbooks					42,681.67
<b>Total Instruction</b>	<b>288,374.83</b>	<b>28,500.00</b>	<b>73.51</b>	<b>6,781.54</b>	<b>323,729.88</b>
Support Services:					
Personal Services - Employee Benefits		4,172.40			4,172.40
Purchased Professional Technical Services	50,580.00				50,580.00
Purchased Professional - Educational Services	107,924.11	6,400.00	206.42		114,530.53
Other Purchased Services (400-500 series)		398.00			398.00
Supplies & Materials	2,561.50				2,561.50
<b>Total Support Services</b>	<b>161,065.61</b>	<b>10,970.40</b>	<b>206.42</b>	<b>-</b>	<b>172,242.43</b>
<b>Total Outflows</b>	<b>449,440.44</b>	<b>39,470.40</b>	<b>279.93</b>	<b>6,781.54</b>	<b>495,972.31</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2011**

	Total Brought Forward (Ex. E-1c)	IDEIA Basic ARRA	IDEIA Preschool ARRA	Nonpublic Nursing	Nonpublic Textbooks	Totals 2011
<b>REVENUES:</b>						
State Sources	\$ 128,595.37	\$ -	\$ -	\$ 50,580.00	\$ 42,681.67	\$ 221,857.04
Federal Sources	-	219,830.46	7,752.94	-	-	227,583.40
<b>Total Revenues</b>	<b>128,595.37</b>	<b>219,830.46</b>	<b>7,752.94</b>	<b>50,580.00</b>	<b>42,681.67</b>	<b>449,440.44</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	7,827.33					7,827.33
Other Salaries for Instruction						-
Purchased Professional and Technical Services	120,768.04	66,000.70				186,768.74
Supplies and Materials	-	44,744.15	6,352.94			51,097.09
Textbooks					42,681.67	42,681.67
<b>Total Instruction</b>	<b>128,595.37</b>	<b>110,744.85</b>	<b>6,352.94</b>	<b>-</b>	<b>42,681.67</b>	<b>288,374.83</b>
Support Services:						
Personal Services - Employee Benefits	-					-
Purchased Professional - Technical Services				50,580.00		50,580.00
Purchased Professional - Educational Services	-	106,524.11	1,400.00			107,924.11
Other Purchased Services (400-500 series)						-
Supplies & Materials & Equipment		2,561.50				2,561.50
<b>Total Support Services</b>	<b>-</b>	<b>109,085.61</b>	<b>1,400.00</b>	<b>50,580.00</b>	<b>-</b>	<b>161,065.61</b>
<b>Total Outflows</b>	<b>128,595.37</b>	<b>219,830.46</b>	<b>7,752.94</b>	<b>50,580.00</b>	<b>42,681.67</b>	<b>449,440.44</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2011**

	Nonpublic Auxiliary Comp. Ed.	Nonpublic Supplemental Instruction	Nonpublic Examination & Classification	Nonpublic Speech Correction	Nonpublic Auxiliary Home Instruc'n	Totals 2011
<b>REVENUES:</b>						
State Sources	\$ 74,184.78	\$ 18,898.56	\$ 24,555.50	\$ 3,129.20	\$ 7,827.33	\$ 128,595.37
Federal Sources						-
<b>Total Revenues</b>	<b>74,184.78</b>	<b>18,898.56</b>	<b>24,555.50</b>	<b>3,129.20</b>	<b>7,827.33</b>	<b>128,595.37</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers					7,827.33	7,827.33
Other Salaries for Instruction						-
Purchased Professional and Technical Services	74,184.78	18,898.56	24,555.50	3,129.20		120,768.04
Supplies and Materials						-
Textbooks						-
<b>Total Instruction</b>	<b>74,184.78</b>	<b>18,898.56</b>	<b>24,555.50</b>	<b>3,129.20</b>	<b>7,827.33</b>	<b>128,595.37</b>
Support Services:						
Personal Services - Employee Benefits						-
Purchased Professional - Technical Services						-
Purchased Professional - Educational Services						-
Other Purchased Services (400-500 series)						-
Supplies & Materials						-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outflows</b>	<b>74,184.78</b>	<b>18,898.56</b>	<b>24,555.50</b>	<b>3,129.20</b>	<b>7,827.33</b>	<b>128,595.37</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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

**ABSECON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, Project Balance**  
**and Project Status - Budgetary Basis**  
**June 30, 2011**

Revenues and Other Financing Sources		
State Sources - SCC Grant	\$	
Capital Reserve and Capital Outlay		
Total Revenues		-
Expenditures and Other Financing Uses		
Project Expenditures		
Total Expenditures		-
Excess (Deficiency) of Revenues Over (Under) Expenditures		-
Fund Balance, Beginning		10,881.00
Fund Balance, Ending	\$	<u>10,881.00</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Capital Projects Funds**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Heat Pump Replacement**  
**From Inception and for the Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant	\$ 498,770.00	\$ -	\$ 498,770.00	\$ 498,770.00
Transfer from Capital Outlay	285,245.00	-	285,245.00	285,245.00
Transfer from Capital Reserve	394,510.00	-	394,510.00	394,510.00
 Total Revenues	<u>1,178,525.00</u>	<u>-</u>	<u>1,178,525.00</u>	<u>1,178,525.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	45,600.00	-	45,600.00	45,600.00
Construction Services	1,122,044.00	-	1,122,044.00	1,122,044.00
 Total Expenditures	<u>1,167,644.00</u>	<u>-</u>	<u>1,167,644.00</u>	<u>1,167,644.00</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,881.00</u>	<u>\$ -</u>	<u>\$ 10,881.00</u>	<u>\$ 10,881.00</u>
 <b>Additional Project Information:</b>				
Project Number	010-060-09-0JAL			
Grant Date	7/1/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,178,525.00			
Additional Authorized Cost	-			
Revised Authorized Cost	1,178,525.00			
 Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	Jun-10			
Revised Target Completion Date	Aug-10			

**CITY OF ABSECON SCHOOL DISTRICT  
Capital Projects Funds  
Summary Statement of Project Expenditures  
June 30, 2011**

Project Title/Issue	Date	Original Appropriations	Expenditures to Date		Prior Years Transferred to Debt Service	Unexpended Balance June 30, 2011
			Prior Years	Current Years		
Replacement/upgrade of all heat pumps	2010	\$ 1,178,525.00	\$ 1,167,644.00	\$ -	\$ -	\$ 10,881.00
		<u>\$ 1,178,525.00</u>	<u>\$ 1,167,644.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,881.00</u>

## FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

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

**CITY OF ABSECON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2011**

	Unemployment Compensation Trust	Private Purpose Trust	Agency Funds	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 116,809.04	\$ 161,716.66	\$ 49,675.89	\$ 328,201.59
Total Assets	116,809.04	161,716.66	49,675.89	328,201.59
<b>LIABILITIES</b>				
Interfund Payable			94.84	94.84
Payroll Deductions & Withholdings	1,744.16		13,513.77	15,257.93
Payable to Student Groups			36,067.28	36,067.28
Total Liabilities	1,744.16	-	49,675.89	51,420.05
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 115,064.88			115,064.88
Reserve for Purpose of Trust		\$ 161,716.66	\$ 0.00	161,716.66
Total Net Assets				276,781.54
Total Liabilities and Net Assets			\$	328,201.59

**CITY OF ABSECON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2011**

	Unemployment Compensation Trust	Private Purpose Trust	Totals
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$ 16,515.82	\$ 84,100.00	\$ 100,615.82
Total Contributions	<u>16,515.82</u>	<u>84,100.00</u>	<u>100,615.82</u>
Investments Earnings:			
Interest	711.14	1,135.21	1,846.35
Net Investment Earnings	<u>711.14</u>	<u>1,135.21</u>	<u>1,846.35</u>
Total Additions	<u>17,226.96</u>	<u>85,235.21</u>	<u>102,462.17</u>
<b>Deductions</b>			
Unemployment Claims	21,199.34		21,199.34
Quarterly Contributions	6,461.40		6,461.40
Music Trust Disbursements		83,663.69	83,663.69
Total Deductions	<u>27,660.74</u>	<u>83,663.69</u>	<u>111,324.43</u>
Change in Net Assets	(10,433.78)	1,571.52	(8,862.26)
Net Assets - Beginning of the Year	<u>125,498.66</u>	<u>160,145.14</u>	<u>285,643.80</u>
Net Assets - End of the Year	<u>\$ 115,064.88</u>	<u>\$ 161,716.66</u>	<u>\$ 276,781.54</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Cash and Cash Equivalents	\$ 24,955.11	\$ 51,540.92	\$ 40,428.75	\$ 36,067.28
Total Assets	<u>\$ 24,955.11</u>	<u>\$ 51,540.92</u>	<u>\$ 40,428.75</u>	<u>\$ 36,067.28</u>

**CITY OF ABSECON SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 6,190.65	\$ 7,360,293.11	\$ 7,352,875.15	\$ 13,608.61
<b>Total Assets</b>	<b>\$ <u>6,190.65</u></b>	<b>\$ <u>7,360,293.11</u></b>	<b>\$ <u>7,352,875.15</u></b>	<b>\$ <u>13,608.61</u></b>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholding	\$ 6,190.65	\$ 2,897,886.87	\$ 2,890,563.75	\$ 13,513.77
Net Payroll	-	4,462,118.27	4,462,118.27	-
Interfund Payable	-	287.97	193.13	94.84
<b>Total Liabilities</b>	<b>\$ <u>6,190.65</u></b>	<b>\$ <u>7,360,293.11</u></b>	<b>\$ <u>7,352,875.15</u></b>	<b>\$ <u>13,608.61</u></b>

## **LONG-TERM DEBT SCHEDULES**

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



**CITY OF ABSECON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 676,340.00	\$	\$ 676,340.00	\$ 676,340.00	\$ -
Interest on Investments	300.00		300.00	300.81	0.81
<b>Total - Local Sources</b>	<u>676,640.00</u>	<u>-</u>	<u>676,640.00</u>	<u>676,640.81</u>	<u>0.81</u>
State Sources:					
None	-		-	-	-
<b>Total - State Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>676,640.00</u>	<u>-</u>	<u>676,640.00</u>	<u>676,640.81</u>	<u>0.81</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	31,664.00		31,664.00	31,663.50	0.50
Redemption of Principal-Bonds	645,000.00		645,000.00	645,000.00	-
<b>Total Regular Debt Service</b>	<u>676,664.00</u>	<u>-</u>	<u>676,664.00</u>	<u>676,663.50</u>	<u>0.50</u>
<b>Total Expenditures</b>	<u>676,664.00</u>	<u>-</u>	<u>676,664.00</u>	<u>676,663.50</u>	<u>0.50</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(24.00)</u>	<u>-</u>	<u>(24.00)</u>	<u>(22.69)</u>	<u>(1.31)</u>
Other Financing Sources(Uses):					
Operating Transfers In:					
None	-	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures</b>	<u>(24.00)</u>	<u>-</u>	<u>(24.00)</u>	<u>(22.69)</u>	<u>-</u>
<b>Fund Balance, July 1</b>	<u>23.69</u>		<u>23.69</u>	<u>23.69</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u><u>(0.31)</u></u>	<u><u>-</u></u>	<u><u>(0.31)</u></u>	<u><u>1.00</u></u>	<u><u>-</u></u>

**STATISTICAL SECTION**

**Absecon Board of Education  
Net Assets by Component,  
Last Eight Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 5,581,913.31	\$ 6,363,533.08	\$ 6,964,900.39	\$ 7,817,637.68	\$ 8,742,635.61	\$ 9,604,547.10	\$ 11,059,562.38	\$ 11,430,310.67
Restricted	267,393.64	242,160.18	730,127.90	718,662.54	789,080.44	732,455.74	641,303.97	694,501.65
Unrestricted	(59,143.72)	(71,156.09)	(152,197.81)	(140,074.85)	(18,588.89)	2,460.16	7,898.68	203,711.10
<b>Total governmental activities net assets</b>	<u>\$ 5,790,163.23</u>	<u>\$ 6,534,537.17</u>	<u>\$ 7,542,830.48</u>	<u>\$ 8,396,225.37</u>	<u>\$ 9,513,127.16</u>	<u>\$ 10,339,463.00</u>	<u>\$ 11,708,765.03</u>	<u>\$ 12,328,523.42</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	59,473.41	47,798.07	69,204.16	77,790.25	65,870.80	69,810.50	69,830.91	57,214.40
Unrestricted	(59,473.41)	(47,798.07)	(69,204.16)	(77,790.25)	(65,870.80)	(69,810.50)	(69,830.91)	(57,214.40)
<b>Total business-type activities net assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>District-wide</b>								
Invested in capital assets, net of related debt	\$ 5,581,913.31	\$ 6,363,533.08	\$ 6,964,900.39	\$ 7,817,637.68	\$ 8,742,635.61	\$ 9,604,547.10	\$ 11,059,562.38	\$ 11,430,310.67
Restricted	267,393.64	242,160.18	730,127.90	718,662.54	789,080.44	732,455.74	641,303.97	694,501.65
Unrestricted	329.69	(23,358.02)	(82,993.65)	(62,284.60)	47,281.91	72,270.66	77,729.59	260,925.50
<b>Total district net assets</b>	<u>\$ 5,849,636.64</u>	<u>\$ 6,582,335.24</u>	<u>\$ 7,612,034.64</u>	<u>\$ 8,474,015.62</u>	<u>\$ 9,578,997.96</u>	<u>\$ 10,409,273.50</u>	<u>\$ 11,778,595.94</u>	<u>\$ 12,385,737.82</u>

Source: CAFR Schedule A-1

**Absecon Board of Education**  
**Changes in Net Assets,**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
<b>Governmental activities:</b>								
<b>Instruction:</b>								
Regular	\$ 4,640,639.14	\$ 4,862,046.72	\$ 5,123,180.26	\$ 5,469,935.82	\$ 5,439,316.83	\$ 5,405,141.33	\$ 5,913,087.52	\$ 5,751,853.58
Special education	1,030,458.07	1,114,406.15	1,169,130.09	1,277,228.21	1,280,665.25	1,325,164.04	1,380,165.40	1,446,103.41
Other special education	214,709.89	246,565.72	255,136.94	291,969.31	282,427.48	353,461.96	351,625.16	379,012.88
<b>Support Services:</b>								
Tuition	476,500.03	626,972.15	712,788.18	508,624.72	718,739.43	753,634.96	782,370.00	511,715.65
Student & instruction related services	1,284,603.36	1,206,816.30	1,239,029.09	1,439,939.38	1,453,350.15	1,447,279.45	1,594,354.26	1,572,427.39
School administrative services	478,045.70	504,188.81	483,502.10	482,501.36	470,171.70	447,490.65	451,930.90	458,536.12
Other administrative services	404,259.40	555,156.90	514,235.47	456,236.35	466,687.41	475,321.21	596,569.65	579,662.20
Plant operations and maintenance	682,005.11	646,533.93	846,547.78	895,526.17	886,305.00	944,415.90	787,587.02	943,278.15
Pupil transportation	315,193.57	322,348.23	363,788.32	359,504.94	387,032.34	416,543.93	409,148.72	407,227.06
Business administrative services	52,890.20	85,728.12	91,823.44	106,343.08	152,470.58	128,856.76	68,428.81	76,181.13
Special schools	2,749.00	2,488.97	24,990.12	31,465.83	33,729.23	41,888.42	34,218.32	19,228.02
Charter Schools	227,124.00	194,773.00	260,863.00	304,976.14	251,437.00	329,096.00	292,853.00	415,335.00
Interest on long-term debt	317,247.38	281,296.36	236,804.73	189,779.55	140,690.09	73,711.51	43,868.91	22,853.88
Unallocated depreciation	248,170.57	293,092.39	338,512.34	343,739.41	345,556.75	348,508.31	-	-
<b>Total governmental activities expenses</b>	<b>10,374,595.42</b>	<b>10,942,413.75</b>	<b>11,660,331.86</b>	<b>12,181,770.27</b>	<b>12,308,581.24</b>	<b>12,490,514.43</b>	<b>12,696,207.67</b>	<b>12,583,414.47</b>

**Absecon Board of Education  
Changes in Net Assets,  
Last Eight Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type activities:</b>								
Food service	\$ 224,163.94	\$ 247,289.54	\$ 246,854.15	\$ 265,982.37	\$ 251,491.33	\$ 250,860.45	\$ 230,154.76	\$ 230,110.36
Child care	116,191.27	97,815.07	100,846.39	104,994.85	138,789.34	119,638.65	122,859.64	111,797.73
Other	340,355.21	345,104.61	347,700.54	370,977.22	390,280.67	370,499.10	353,014.40	341,908.09
Total business-type activities expenses	\$ 10,714,950.63	\$ 11,287,518.36	\$ 12,008,032.40	\$ 12,552,747.49	\$ 12,698,861.91	\$ 12,861,013.53	\$ 13,049,222.07	\$ 12,925,322.56
<b>Program Revenues</b>								
<b>Governmental activities:</b>								
Charges for services:								
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ 9,594.41	\$ -	\$ -	\$ -
Pupil transportation						9,270.00		
Business and other support services								
Operating grants and contributions	2,324,716.08	2,502,090.96	2,590,596.64	2,622,161.95	2,906,574.74	2,180,161.49	2,417,745.47	2,253,634.74
Capital grants and contributions								
Total governmental activities program revenues	2,324,716.08	2,502,090.96	2,590,596.64	2,622,161.95	2,916,169.15	2,189,431.49	2,417,745.47	2,253,634.74
<b>Business-type activities:</b>								
Charges for services:								
Food service	158,629.85	145,914.77	158,505.22	166,167.57	158,208.25	145,143.06	121,948.69	107,579.65
Child care	105,091.77	97,679.75	112,169.08	112,477.11	126,187.94	125,061.11	126,830.61	111,167.84
Operating grants and contributions	85,240.96	87,667.72	86,445.95	96,128.13	90,644.03	103,364.46	103,983.22	110,104.96
Capital grants and contributions								
Total business-type activities program revenue	348,962.58	331,262.24	357,120.25	374,772.81	375,040.22	373,568.63	352,762.52	328,852.45
Total district program revenue	\$ 2,673,678.66	\$ 2,833,353.20	\$ 2,947,716.89	\$ 2,996,934.76	\$ 3,291,209.37	\$ 2,563,000.12	\$ 2,770,507.99	\$ 2,582,487.19

**Absecon Board of Education**  
**Changes in Net Assets,**  
**Last Eight Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (8,049,879.34)	\$ (8,440,322.79)	\$ (9,069,735.22)	\$ 2,622,161.95	\$ 2,916,169.15	\$ (10,301,082.94)	\$ (10,278,462.20)	\$ (10,329,779.73)
Business-type activities	8,607.37	(13,842.37)	9,419.71	(12,177,974.68)	(12,323,821.69)	3,069.53	(251.88)	(13,055.64)
Total district-wide net expense	\$ (8,041,271.97)	\$ (8,454,165.16)	\$ (9,060,315.51)	\$ (9,555,812.73)	\$ (9,407,652.54)	\$ (10,298,013.41)	\$ (10,278,714.08)	\$ (10,342,835.37)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 6,821,751.00	\$ 7,538,953.00	\$ 7,833,923.00	\$ 8,172,525.00	\$ 8,614,387.00	\$ 8,880,961.96	\$ 9,565,974.00	\$ 9,518,290.00
Taxes levied for debt service	1,085,706.00	1,103,987.00	1,121,483.00	1,134,135.00	1,134,142.00	1,134,740.00	601,011.00	676,340.00
Unrestricted grants and contributions	532,412.18	579,930.64	579,792.00	954,081.54	643,596.13	1,019,077.34	1,408,418.00	686,511.00
Tuition Received	-	-	-	52,188.00	50,520.00	44,905.00	57,747.00	39,313.02
Investment earnings	69,421.42	25,580.10	45,318.55	80,398.53	57,446.57	13,524.49	3,396.09	8,497.70
Miscellaneous income	42,333.21	29,975.03	498,038.36	19,148.76	9,222.18	36,283.32	11,218.14	20,586.40
Special Items	-	(48,530.08)	-	-	-	(2,073.33)	-	-
Transfers	-	-	-	-	-	-	-	-
Total governmental activities	8,551,623.81	9,229,895.69	10,078,554.91	10,412,476.83	10,509,313.88	11,127,418.78	11,647,764.23	10,949,538.12
Business-type activities:								
Investment earnings	946.39	2,167.03	5,456.38	4,790.50	3,321.00	870.17	272.29	439.13
Miscellaneous	-	-	6,530.00	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Total business-type activities	946.39	2,167.03	11,986.38	4,790.50	3,321.00	870.17	272.29	439.13
Total district-wide	\$ 8,552,570.20	\$ 9,232,062.72	\$ 10,090,541.29	\$ 10,417,267.33	\$ 10,512,634.88	\$ 11,128,288.95	\$ 11,648,036.52	\$ 10,949,977.25
<b>Changes in Net Assets</b>								
Governmental activities	\$ 501,744.47	\$ 789,572.90	\$ 1,008,819.69	\$ 13,034,638.78	\$ 13,425,483.03	\$ 826,335.84	\$ 1,369,302.03	\$ 619,758.39
Business-type activities	9,553.76	(11,675.34)	21,406.09	(12,173,184.18)	(12,320,500.69)	3,939.70	20.41	(12,616.51)
Total district	\$ 511,298.23	\$ 777,897.56	\$ 1,030,225.78	\$ 861,454.60	\$ 1,104,982.34	\$ 830,275.54	\$ 1,369,322.44	\$ 607,141.88

Source: CAFR Schedule A-2

Note: The Absecon Board of Education was not required to comply with GASB 34 until the year ended June 30, 2004; therefore, changes in net assets information cannot be supplied for 2003.

**Absecon Board of Education  
Fund Balances, Governmental Funds,  
Last Eight Fiscal Years**  
*(modified accrual basis of accounting)*

Exhibit J-3

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 114,016.44	\$ 250,337.33	\$ 720,441.69	\$ 641,332.30	\$ 822,298.64	\$ 757,384.12	\$ 674,176.08	\$ 904,613.69
Unreserved	214,149.22	200,107.60	161,237.25	272,975.03	261,719.82	283,987.20	266,395.73	242,743.12
Total general fund	\$ 328,165.66	\$ 450,444.93	\$ 881,678.94	\$ 914,307.33	\$ 1,084,018.46	\$ 1,041,371.32	\$ 940,571.81	\$ 1,147,356.81
All Other Governmental Funds								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:								
Special revenue fund	(1,790.55)	(1,790.55)	(1,790.55)	(1,790.55)	(6,391.00)	-	-	-
Capital projects fund	172,454.78	38,021.70	38,021.70	-	-	-	10,881.00	10,881.00
Debt service fund	22,316.51	4,519.80	841.23	1,136.14	617.11	93.69	23.69	1.00
Permanent fund								
Total all other governmental funds	\$ 192,980.74	\$ 40,750.95	\$ 37,072.38	\$ (654.41)	\$ (5,773.89)	\$ 93.69	\$ 10,904.69	\$ 10,882.00

Source: CAFR Schedule B-1

Exhibit J-4

**Absecon Board of Education  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax Levy	\$ 7,189,633	\$ 7,447,341	\$ 7,907,457	\$ 8,642,940	\$ 8,955,406	\$ 9,306,660	\$ 9,748,529	\$ 10,015,702	\$ 10,166,985	\$ 10,194,630
Tuition charges	31,731	23,921	31,881	11,398	29,441	52,188	50,520	44,905	57,747	39,313
Rent	89,000	100,209	14,412	25,479	45,319	80,399	57,447	13,524	3,396	8,498
Interest earnings	39,648	19,508	65,462	18,679	483,951	24,983	18,817	45,553	12,268	22,203
Miscellaneous	19,314	5,922	-	-	-	-	-	-	-	-
State Grant / Bond Proceeds	-	1,501,297	-	-	-	-	-	-	-	-
State sources	2,029,267	2,200,357	2,432,195	2,575,901	2,700,880	3,131,800	3,136,095	2,709,761	2,987,242	2,145,617
Federal sources	297,851	358,810	424,933	506,120	469,509	438,609	414,076	489,478	837,871	792,912
Total revenue	9,696,445	11,657,366	10,876,340	11,780,517	12,694,505	13,034,639	13,425,483	13,318,924	14,065,510	13,203,173
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular instruction	3,224,056	3,584,543	3,706,523	3,738,305	3,821,905	3,987,639	3,975,676	4,133,201	4,320,227	4,126,607
Special education instruction	714,808	726,754	749,639	808,182	835,437	890,770	871,390	958,832	956,354	976,142
Other special education instruction	144,158	132,676	156,488	178,195	184,065	209,659	192,151	255,745	243,992	256,389
Other instruction	18,033	18,159	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	270,153	374,702	476,500	626,972	712,788	508,625	718,739	753,635	792,370	511,716
Student & instruction related services	695,369	743,380	837,579	912,544	931,147	1,058,959	1,043,806	1,119,028	1,202,909	1,184,932
School administrative services	306,522	301,584	311,897	324,842	340,867	317,312	326,138	328,837	310,671	308,290
General administrative services	387,013	379,340	404,259	555,157	514,235	454,914	464,042	472,676	512,018	487,776
Plant operations and maintenance	534,083	565,344	573,478	641,062	674,540	730,636	716,430	750,005	690,911	772,735
Pupil transportation	261,145	271,376	315,194	322,348	363,788	359,505	387,032	416,544	406,767	404,634
Unallocated employee benefits	943,945	1,103,443	1,997,486	2,135,732	2,372,928	2,776,015	2,835,637	2,431,756	2,589,625	2,757,868
Special schools	-	-	1,985	1,785	16,475	21,604	22,920	30,240	24,539	13,469
Charter Schools	234,460	277,997	227,124	194,773	260,863	304,976	251,437	329,096	292,853	415,335
Capital outlay	126,058	41,092	3,750,264	103,563	19,060	192,073	227,451	193,583	1,210,883	103,855
Special Revenue Expenditures	727,849	748,330	-	-	-	-	-	-	-	-
Debt service:										
Principal	1,123,544	1,125,272	880,000	935,000	980,000	1,035,000	1,085,000	1,100,000	550,000	645,000
Interest and other charges	-	-	285,402	283,478	238,851	192,051	142,942	82,525	51,381	31,664
Total Expenditures	9,711,195	10,393,992	14,673,828	11,761,937	12,266,949	13,039,737	13,260,891	13,355,703	14,155,498	12,996,411
Excess (Deficiency) of revenues over (under) expenditures	(14,750)	1,263,375	(3,797,488)	18,580	427,555	(5,098)	164,592	(36,780)	(89,989)	206,762
<b>Other Financing Sources (Uses)</b>										
Transfer from General Fund - Capital Reserve	-	7,560	-	-	-	-	-	-	-	-
Proceeds from Unexpended Escrow Reserves	-	-	2,442,000	(48,530)	-	-	-	-	-	-
Other Financing Sources - Bond Principal	-	-	-	-	-	-	-	-	-	-
Unexpended Project Balance Cancelled	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(7)	2,442,000	(48,530)	-	-	-	-	-	-
Net change in fund balances	(14,750)	1,263,368	(1,355,488)	(29,950)	427,555	(5,098)	164,592	(36,780)	(89,989)	206,762
Debt service as a percentage of noncapital expenditures	11.72%	10.87%	10.67%	10.45%	9.95%	9.55%	9.42%	8.98%	4.65%	5.25%

Source: CAFR Schedule B-2

**Absecon Board of Education  
 General Fund Other Local Revenue by Source,  
 Last Ten Fiscal Years  
 Unaudited**

**Exhibit J-5**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Totals</u>
2002	\$ 34,622.10	\$ 31,731.34	\$ 89,000.36	\$ 19,314.40	\$ 174,668.20
2003	19,399.34	23,921.46	100,209.25	5,922.21	149,452.26
2004	36,483.09	31,880.61	-	10,452.60	78,816.30
2005	20,328.93	11,397.60	-	18,389.29	50,115.82
2006	42,481.30	29,440.58	-	493,950.78	565,872.66
2007	78,240.48	52,188.00	-	24,982.76	155,411.24
2008	55,776.97	50,520.00	-	18,816.59	125,113.56
2009	11,901.16	44,905.00	-	45,553.32	102,359.48
2010	3,396.09	57,747.00	-	12,268.14	73,411.23
2011	8,196.89	39,313.02	-	22,203.40	69,713.31

Source: District Records

Absecon Board of Education  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q. Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2002	\$ 11,535,600	\$ 320,573,100	\$ 132,200	6,500	\$ 81,514,600			\$ 413,762,000	\$	1,416,126	\$ 415,176,126	1.794	\$ 439,109,599
2003	11,258,100	326,576,600	132,200	6,500	82,750,700			420,824,100		1,308,910	422,133,010	1.873	470,133,656
2004	11,721,600	336,242,400	132,200	3,800	88,982,500			437,092,500		1,200,019	438,292,519	1.972	527,414,833
2005	12,167,600	343,396,700	-	-	88,842,400			444,406,700		1,064,153	445,470,853	2.010	611,707,754
2006	12,967,200	349,053,400	-	-	90,726,700			452,747,300		857,671	453,604,971	2.052	716,236,862
2007	20,262,800	364,538,800	-	-	90,451,200			475,352,800		759,606	476,112,406	1.812	883,817,349
2008	45,629,300	813,389,900	-	-	178,439,200			1,037,458,400		1,480,927	1,038,939,327	0.656	985,523,930
2009	40,726,600	815,482,100	-	-	176,030,200			1,032,238,900		1,626,072	1,033,864,972	0.984	985,102,403
2010	37,483,145	817,257,600	-	-	174,051,200			1,029,248,645		1,648,926	1,030,440,871	0.989	979,041,208
2011										1,380,160	1,030,628,805	1.029	952,522,001

Source: County Abstract of Ratables & Municipal Tax Assessor  
Property Reevaluation took place in 2008

Exhibit J-7

Absecon Board of Education  
 Direct and Overlapping Property Tax Rates,  
 Last Ten Fiscal Years  
 (rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Absecon Board of Education			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	County General	County Open Space	County Other	Municipal Library Tax	Municipal Local Purpose	
2002	1.791	0.003	1.794	0.448	0.021	0.027		1.091	3.381
2003	1.871	0.002	1.873	0.453	0.022	0.028		1.122	3.498
2004	1.970	0.002	1.972	0.456	0.024	0.026		1.140	3.618
2005	2.008	0.002	2.010	0.461	0.028	0.025		1.170	3.694
2006	2.050	0.002	2.052	0.465	0.032	0.025		1.204	3.778
2007	1.810	0.002	1.812	0.455	0.037	0.023		1.254	3.581
2008	0.855	0.001	0.856	0.215	0.019	0.011		0.630	1.731
2009	0.983	0.001	0.984	0.236	0.005	0.016		0.659	1.900
2010	0.988	0.001	0.989	0.254	0.005	0.017	0.030	0.695	1.960
2011	1.028	0.001	1.029	0.284	0.005	0.018		0.678	2.044

Source: District Records and Municipal Tax Collector

Exhibit J-8

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

Taxpayer	2009				2000			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
RD Absecon Associates	\$ 19,344,800	1	20.12%	\$ 9,374,300	1	25.83%		
Foxmoor at Absecon City	16,896,000	2	17.57%					
Home Depot	16,635,900	3	17.30%					
Absecon Manor Nursing Home	12,168,700	4	12.65%	7,402,500	2	20.40%		
Village Supermarket	7,202,100	5	7.49%	3,766,600	4	10.38%		
539 Absecon Blvd LLC	6,360,100	6	6.61%					
Dourmani, Fredrick	6,304,500	7	6.56%					
RJS Absecon LLC	4,438,000	8	4.62%					
Renuka Hospitality	3,593,400	9	3.74%					
Mill Road Associates	3,219,200	10	3.35%					
Absecon Equities				1,374,700	9	3.79%		
Shan Enterprises				1,575,700	8	4.34%		
HFC Commercial Realty				3,919,800	3	10.80%		
Burlington Realty				3,000,000	5	8.27%		
Woodland Village				2,390,500	6	6.59%		
Herbert & Rochelle Levine				2,175,400	7	5.99%		
				1,310,000	10	3.61%		
<b>Totals</b>	<b>\$ 96,162,700</b>		<b>100.00%</b>	<b>\$ 36,289,500</b>		<b>100.00%</b>		
							<b>\$ 403,720,571</b>	

Source: District CAFR & Municipal Tax Assessor

**Absecon Board of Education  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 7,189,633	\$ 7,189,633	100%	-
2003	7,447,341	7,447,341	100%	-
2004	7,907,457	7,907,457	100%	-
2005	8,642,940	8,642,940	100%	-
2006	8,955,406	8,955,406	100%	-
2007	9,306,660	9,306,660	100%	-
2008	9,748,529	9,748,529	100%	-
2009	10,015,702	10,015,702	100%	-
2010	10,166,985	10,166,985	100%	-
2011	10,194,630	10,194,630	100%	-

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

**Absecon Board of Education  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Bond Anticipation Notes (BANs)	Capital Leases	Capital Leases			
2002	\$ -	\$ 6,245,000			\$	6,245,000	0.53%	\$ 32,851
2003	-	5,405,000				5,405,000	0.62%	33,623
2004	2,442,000	4,525,000				6,967,000	0.50%	34,671
2005	2,432,000	3,600,000				6,032,000	0.59%	35,826
2006	2,422,000	2,630,000				5,052,000	0.74%	37,194
2007	2,402,000	1,615,000				4,017,000	0.96%	38,553
2008	2,382,000	550,000				2,932,000	1.36%	39,923
2009	1,832,000	-				1,832,000	2.14%	39,156
2010	1,282,000	-				1,282,000	Not Available	Not Available
2011	637,000	-				637,000	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

Exhibit J-11

Absecon Board of Education  
Ratios of Net General Bonded Debt Outstanding,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions				
2002	\$ -	\$ -	\$ -	-	0.00%	\$ 32,851
2003	-	-	-	-	0.00%	33,623
2004	2,442,000	-	-	2,442,000	0.56%	34,671
2005	2,432,000	-	-	2,432,000	0.55%	35,826
2006	2,422,000	-	-	2,422,000	0.53%	37,194
2007	2,402,000	-	-	2,402,000	0.50%	38,553
2008	2,382,000	-	-	2,382,000	0.23%	39,923
2009	1,832,000	-	-	1,832,000	0.18%	39,156
2010	1,282,000	-	-	1,282,000	Not Available	Not Available
2011	637,000	-	-	637,000	Not Available	Not Available

**Absecon Board of Education  
Direct and Overlapping Governmental Activities Debt,  
As of June 30, 2011**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Local Municipality	\$ 5,024,000.00	100.00%	\$ 5,024,000.00
<b>Other debt</b>			
County of Atlantic (December 31, 2010)	137,077,871.00	1.93%	2,645,020.32
Subtotal, overlapping debt			7,669,020.32
<b>City of Absecon School District Direct Debt</b>			\$ 637,000.00
<b>Total direct and overlapping debt</b>			<u>\$ 8,306,020.32</u>

Sources: Atlantic County Abstract of Ratables; City of Absecon; County of Atlantic.

**Absecon Board of Education  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Exhibit J-13**

	Equalized valuation basis										
	2010	2009	2008	Average equalized valuation of taxable property							2011
	\$ 950,824,348	\$ 980,749,549	\$ 988,526,346	\$ 973,366,748							\$ 29,201,002
Debt limit	\$ 12,509,672	\$ 12,939,704	\$ 13,851,346	\$ 15,633,108	\$ 18,123,223	\$ 21,410,899	\$ 25,104,337	\$ 27,978,919	\$ 29,381,972	\$ 29,201,002	
Total net debt applicable to limit	-	-	2,442,000	2,432,000	2,422,000	2,402,000	2,382,000	1,832,000	1,282,000	637,000	
Legal debt margin	\$ 12,509,672	\$ 12,939,704	\$ 11,409,346	\$ 13,201,108	\$ 15,701,223	\$ 19,008,899	\$ 22,722,337	\$ 26,146,919	\$ 28,099,972	\$ 28,564,002	
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	17.63%	15.56%	13.36%	11.22%	9.49%	6.55%	4.36%	2.18%	

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

**Absecon Board of Education  
Demographic and Economic Statistics,  
Last Ten Fiscal Years**

**Exhibit J-14**

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2002	7,663	\$ 251,737.21	\$ 32,851	6.40%
2003	7,783	261,687.81	33,623	6.70%
2004	7,824	271,265.90	34,671	5.80%
2005	7,906	283,240.36	35,826	5.50%
2006	7,997	297,440.42	37,194	6.10%
2007	8,046	310,197.44	38,553	6.00%
2008	8,368	334,075.66	39,923	7.50%
2009	8,573	335,684.39	39,156	13.3%
2010	Not Available	Not Available	Not Available	13.6%
2011	Not Available	Not Available	Not Available	Not Available

Source: New Jersey Department of Labor and Workforce Development

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

Exhibit J-15

Employer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1	0.00%			0.00%
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Totals	-		0.00%	-		0.00%

This Information is not available for this district.

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

**Exhibit J-16**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function/Program</b>										
Instruction:										
Regular instruction	61.6	61.6	60.6	59.6	59.6	58.1	60	58	63	62
Special education instruction	3	3	4	5	5	5	5	6	6	5
Other special education instruction	10	10	10	10	10	9	9	13	9	7
Support Services:										
Student & instruction related services	10	10	10	10	10	10	12	12	12	9
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services							6	6	5	5
Business administrative services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	9	9	9	9	9	9	9	9	9	9
Food Service	8	8	8	8	8	8	8	8	7	7
Child Care	8	8	8	9	9	9	8	9	9	9
<b>Total</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>116</b>	<b>116</b>	<b>113</b>	<b>122</b>	<b>126</b>	<b>125</b>	<b>117</b>

Source: District Personnel Records

Abscon Board of Education  
Operating Statistics,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2002	961	\$ 6,804,841	C	6.63%	79	13.5:1	13.0:1	N/A	961	918	A	95.48%
2003	985	7,366,815	C	5.62%	65	13.3:1	13.1:1	N/A	985	936	A	95.00%
2004	942	8,384,742	C	19.01%	79	13.6:1	12.5:1	N/A	942	896	A	95.10%
2005	910	7,977,060	C	-1.52%	76	13.3:1	11.6:1	N/A	910	869	A	95.50%
2006	869	9,334,234	D	22.53%	76	15.3:1	9.2:1	N/A	831	793	B	95.43%
2007	847	9,661,491	D	6.19%	72	13.2:1	12.9:1	N/A	819	783	B	95.56%
2008	822	9,988,046	D	6.52%	72	11.0:1	12.2:1	N/A	814	779	B	95.70%
2009	833	9,825,002	D	-2.93%	75	10.9:1	11.2:1	N/A	813	776	B	95.45%
2010	815	11,634,483	D	21.03%	75	12.3:1	11.2:1	N/A	815	775	B	95.09%
2011	858	A 10,531,923	D	-14.01%	74	12.5:1	10.5:1	N/A	849	810	B	95.45%

Source: A = Calculated based on ASSA figures  
B = School Register Summary  
C = New Jersey School Report Card  
D - CAFR Report - Schedule C-1

Absecon Board of Education  
 School Building Information,  
 Last Ten Fiscal Years

Exhibit J-18

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>District Buildings</u></b>										
<b><u>Elementary</u></b>										
H. Ashton Marsh										
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	542	550	527	502	391	493	456	468	462	483
Enrollment										
<b><u>Middle School</u></b>										
Emma C. Attales School										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity (students)	419	435	415	408	478	354	366	365	353	366
Enrollment										
<b><u>Other</u></b>										
Administration										
Square Feet	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360

Number of Schools at June 30, 2011

- Elementary - 1
- Middle - 1
- Other - 1

Source: District Records, ASSA

Absecon Board of Education  
 General Fund  
 Schedule of Required Maintenance for School Facilities,  
 Last Ten Fiscal Years  
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Emma C. Altales School	N/A	\$ 29,578	\$ 36,287	\$ 31,999	\$ 39,012	\$ 37,035	\$ 50,713	\$ 47,354	\$ 51,797	\$ 39,006	\$ 41,324
H. Ashton Marsh School	N/A	36,151	44,351	39,110	47,681	45,265	44,972	53,399	58,410	47,673	50,507
Total School Facilities		65,729	80,638	71,109	86,693	82,300	95,686	100,753	110,207	86,679	91,831
Grand Total		\$ 65,729	\$ 80,638	\$ 71,109	\$ 86,693	\$ 82,300	\$ 95,686	\$ 100,753	\$ 110,207	\$ 86,679	\$ 91,831

Source: District Records

**Absecon Board of Education  
Insurance Schedule  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

**Exhibit J-20**

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
NJ School Boards Assn Ins Gp	School Package Policy (1)		
	Property:		
	Blanket Buildings & Contents	\$ 28,696,896	\$ 1,000
	Boiler and Machinery:		
	Property Damage	Unlimited	500
	General Liability	2,000,000	1,000
	Business Auto	1,000,000	500
	Inland Marine	440,000	250
	Umbrella Policy	5,000,000	N/A
NJ School Boards Assn Ins Gp	Worker's Compensation (2)	Statutory/\$2,000,000	N/A
	Excess over Worker's Compensation (3)	52 Weeks/\$1,400 wk	N/A
NJ School Boards Assn Ins Gp	School Boards Legal Liability (2)		
	Coverage A	6,000,000	5,000/ claim
	Coverage B (limit \$300,000 / policy period)	100,000	5,000/ claim
Selective Way Ins Co	Surety Bonds:		
	Public Employees - Blanket Dishonesty Bond (1)	50,000	N/A
	Public Official Bonds: (1)		
	Business Administrator/Board Secretary	100,000	N/A
	Treasurer of School Monies	250,000	N/A
Peoples Benefit Life Ins Co	Student Accident Insurance (4)		
	Compulsory Participation (Maximum Limit)	1,000,000	N/A
	Disability Lump Sum Payment	50,000	N/A
Westport Insurance Corp.	Errors & Omissions Liability	5,000,000	25,000

Source: District Records

**SINGLE AUDIT SECTION**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **K-1 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 Board of Education  
Absecon School District  
County of Atlantic  
Absecon, 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 Absecon Board of Education School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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 be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Absecon Board of Education's basic 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 that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Absecon Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings – Financial Compliance and Performance* dated October 14, 2011.

This report is intended for the information of the management of the Absecon Board of Education, the New Jersey State Department of Education (the cognizant audit agency), other state and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these parties.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**October 14, 2011**



# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **K-2 REPORT ON COMPLIANCE WITH REQUIREMENTS THAT 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 OMB CIRCULAR 04-04**

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

### Compliance

We have audited the compliance of the Board of Education of the Absecon School District in the County of Atlantic, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2011. Absecon Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Absecon Board of Education's management. Our responsibility is to express an opinion on Absecon Board of Education's compliance based on our audit.

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

In our opinion Absecon Board of Education School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

The management of Absecon Board of Education School District 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 Absecon Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program 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 NJ Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Absecon Board of Education's internal control over compliance.

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

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

This report is intended for the information of the management of the Absecon Board of Education, the New Jersey State Department of Education (cognizant audit agency), other state and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these parties.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**October 14, 2011**

CITY OF ABSECON SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title U.S. Department of Education	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011			
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
Special Revenue Fund:															
Special Education Cluster (IDEA):															
I.D.E.A. Part B, Basic	84.027	FT001011	\$ 322,170.00	9/1/2010	8/31/2011	\$ (23,949.99)	\$ 124,272.00	\$ 201,515.00	\$ (339,661.41)	\$	\$	\$ (120,655.00)	106,780.59	\$	
I.D.E.A. Part B, Basic	84.027	FT0010010	330,691.00	9/1/2009	8/31/2010		(124,272.00)	183,427.00	(35,205.01)						
I.D.E.A. Part B, Preschool	84.027	PS001011	9,122.00	9/1/2010	8/31/2011	(3,926.54)		9,122.00	(9,122.00)						
IDEIA Part B, Basic-ARRA	84.391	FT0010010	376,711.00	9/1/2009	8/31/2010	(0.06)		196,190.00	(219,630.46)			(67,567.00)			
IDEIA Preschool-ARRA	84.392	FT0010010	13,613.00	9/1/2009	8/31/2010	(27,876.59)		7,753.00	(7,752.94)			(188,222.00)	106,780.59		
Total Special Education Cluster (IDEA)								598,007.00	(611,571.82)						
Title I, Part A Cluster:															
Title I	84.010A	NCLB001011	118,423.00	9/1/2010	8/31/2011	(13,495.43)	3,555.57	114,868.00	(116,829.26)			(3,555.00)	5,149.31		
Title I	84.010A	NCLB001010	133,652.00	9/1/2009	8/31/2010	(31,171.00)	(3,555.57)	22,846.00	(5,795.00)						
ARRA - Title 1 - Part A	84.839	NCLB001010	42,514.00	9/1/2009	8/31/2010	(44,666.43)		31,171.00				(3,555.00)	5,149.31		
Total Title I, Part A Cluster								168,885.00	(122,624.26)						
No Child Left Behind (NCLB):															
Title II - Part A	84.281A	NCLB001011	41,024.00	9/1/2010	8/31/2011	(9,052.32)	4,975.00	29,225.00	(34,370.92)			(11,799.00)	11,628.08		
Title II - Part A	84.281A	NCLB001010	38,852.00	9/1/2009	8/31/2010		(4,975.00)	19,127.00	(5,089.48)						
Title II - Part D	84.281D	NCLB001011	200.00	9/1/2010	8/31/2011		6.42	193.56	(206.42)				0.00		
Title II - Part D	84.281D	NCLB001010	1,361.00	9/1/2009	8/31/2010	(44.07)	(6.42)	124.00	(73.51)						
Title III	84.365	NCLB001011	12,113.00	9/1/2010	8/31/2011			299.00	(299.00)			(11,814.00)	11,814.00		
Title III - Immigrant	84.365	NCLB001010	12,433.00	9/1/2009	8/31/2010			11,885.00	(11,885.00)						
Title IV	84.186A	NCLB001010	3,921.00	9/1/2009	8/31/2010	718.54		5,794.00	(6,761.54)			(269.00)			
Total Special Revenue Fund						(80,921.07)		793,539.56	(792,911.95)			(215,665.42)	135,371.98		
U.S. Department of Education															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	6,935.90	7/1/2010	6/30/2011			6,935.90	(6,935.90)						
Child Nutrition Cluster:															
National School Lunch Program	10.555	N/A	94,783.74	7/1/2010	6/30/2011			89,643.08	(94,763.74)			(5,140.66)			
National School Lunch Program	10.555	N/A	82,007.34	7/1/2009	6/30/2010	(6,894.29)		6,894.29							
National School Breakfast Program	10.553	N/A	5,597.42	7/1/2010	6/30/2011	(849.14)		849.14	(6,599.00)			(313.36)			
National School Breakfast Program	10.553	N/A	5,587.42	7/1/2009	6/30/2010	(7,843.43)		103,772.15	(101,382.74)			(5,454.02)			
Total Child Nutrition Cluster:						(7,843.43)		110,708.05	(108,318.64)			(5,454.02)			
Total Enterprise Fund						(88,764.50)		904,247.63	(901,230.59)			(221,119.44)	135,371.98		
Total Federal Financial Awards															

CITY OF ABSECON SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010		Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2011		Due to Grantor at	Budgetary Receivable	MEMO Cumulative Total Expenditures
				Disbursed (Accts Rec.)	Revenue				Revenues/Interfund Payable	Due to Grantor at			
<b>State Department of Education</b>													
<b>General Fund:</b>													
State Aid Public Cluster:													
Equalization Aid	10-495-034-5120-022	\$ 707,246.00	7/1/2009	6/30/2010	\$ (86,400.60)	\$ 86,400.60	\$ (592,153.00)		\$	\$	\$	\$ (29,048.00)	\$ 592,153.00
Equalization Aid	11-495-034-5120-022	592,153.00	7/1/2010	6/30/2011		563,105.00							
Special Education Aid	10-495-034-5120-011	464,825.00	7/1/2009	6/30/2010	(25,978.40)	25,978.40	(454,180.00)					(29,048.00)	454,180.00
Special Education Aid	11-495-034-5120-089	454,180.00	7/1/2010	6/30/2011	(112,279.00)	1,100,515.00	(1,046,333.00)					(68,997.00)	1,046,333.00
Total State Aid Public Cluster													
Extraordinary Aid	10-100-034-5120-473	15,658.00	7/1/2009	6/30/2010	(15,658.00)	15,658.00	(40,176.00)						40,176.00
On Behalf TPAP Pension Contributions	11-100-034-5120-473	40,176.00	7/1/2010	6/30/2011		364,474.00	(364,474.00)						364,474.00
Reimbursed TPAP Social Security Contributions	11-495-034-5095-001	410,281.49	7/1/2009	6/30/2010	(20,459.63)	20,459.63	(407,930.63)						407,930.63
Reimbursed TPAP Social Security Contributions	11-495-034-5095-002	407,930.63	7/1/2010	6/30/2011	(148,596.63)	1,889,383.53	(1,858,913.63)					(58,067.00)	1,858,913.63
Total General Fund													
<b>Special Revenue Fund:</b>													
N.J. Nonpublic Aid:													
Nursing	11-100-034-5120-070	50,580.00	7/1/2010	6/30/2011		50,580.00	(50,580.00)						50,580.00
Textbook Aid	11-100-034-5120-064	48,497.00	7/1/2010	6/30/2011		42,867.00	(42,867.00)				5.33		42,861.67
Textbook Aid	10-100-034-5120-064	55,075.00	7/1/2009	6/30/2010	66.43		(66.43)						
Auditing Fees:													
Compensatory Education	11-100-034-5120-067	105,496.00	7/1/2010	6/30/2011		105,496.00	(74,164.78)				31,311.22		74,164.78
Home Instruction	10-100-034-5120-067	124,787.00	7/1/2009	6/30/2010	37,620.24		(7,827.33)						7,827.33
Home Instruction	10-100-034-5120-067	7,827.33	7/1/2010	6/30/2011	(4,980.15)								
Handicapped Services:													
Supplemental Instruction	11-100-034-5120-066	36,131.00	7/1/2010	6/30/2011		36,131.00	(18,898.56)				11,450.44		18,898.56
Supplemental Instruction	10-100-034-5120-066	39,025.00	7/1/2009	6/30/2010	4,388.23		(4,388.23)						
Examination & Classification	11-100-034-5120-066	42,926.00	7/1/2010	6/30/2011		42,926.00	(24,555.50)				14,855.03		24,555.50
Examination & Classification	10-100-034-5120-066	55,955.00	7/1/2009	6/30/2010	3,289.86		(3,289.86)						
Corrective Speech	11-100-034-5120-066	3,912.00	7/1/2010	6/30/2011		3,912.00	(3,129.20)				782.80		3,129.20
Corrective Speech	10-100-034-5120-066	6,277.00	7/1/2009	6/30/2010	1,793.45		(1,793.45)						
Total Special Revenue Fund						286,713.15	(221,857.04)				58,404.82		221,857.04
<b>Capital Project Fund:</b>													
SDA Grant	0010-060-09-0JAL	488,770.00	7/1/2010	6/30/2011	(24,720.88)							(24,720.88)	
Total Capital Project Fund													(24,720.88)
<b>State Department of Agriculture:</b>													
<b>Enterprise Fund:</b>													
Child Nutrition Cluster:													
National School Lunch Program (State Share)	11-100-010-3360-067	2,896.16	7/1/2010	6/30/2011		2,738.73	(2,896.16)					(158.43)	2,896.16
National School Lunch Program (State Share)	10-100-010-3360-067	4,198.86	7/1/2009	6/30/2010	(346.72)	346.72							
National School Breakfast Program (State Share)	09-100-010-3360-096	552.40	7/1/2008	6/30/2009	24.40		(24.40)						
National School Breakfast Program (State Share)	10-100-010-3360-096	415.70	7/1/2009	6/30/2010	(66.80)	66.80	(2,896.16)					(158.43)	2,896.16
Total Child Nutrition Cluster						3,899.22	(2,896.16)					(158.43)	2,896.16
Total Enterprise Fund						3,899.22	(2,896.16)					(158.43)	2,896.16
Total State Financial Assistance						2,179,246.03	(2,083,866.83)				58,404.82	(67,974.31)	2,083,866.83

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

**CITY OF ABSECON SCHOOL DISTRICT**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2011**

K-5

**Note 1: General**

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

**Note 2: Basis of Accounting**

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

**Note 3: Relationship to Basic Financial Statements**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$54,182.00 for the general fund. No adjustment was necessary for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal		State		Total
General Fund	\$ -	\$	1,923,759.75	\$	1,923,759.75
Special Revenue Fund	792,911.95		221,857.04		1,014,768.99
Food Service Fund	107,058.04		3,046.92		110,104.96
Total Financial Assistance	\$ 899,969.99	\$	2,148,663.71	\$	3,048,633.70

**CITY OF ABSECON SCHOOL DISTRICT**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2011**  
**(Continued)**

K-5

**Note 4: Relationship to Federal and State Financial Reports**

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

**Note 5: OTHER**

Revenues and expenditures reported under Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Non-Contributory Insurance and TPAF post-retirement contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. These amounts, \$16,388.00 and \$348,086.00 respectively are reported in the basic financial statements as both a revenue and expenditure of the District. These amounts are also reported on the schedule of state financial assistance but were not considered for major program determination. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. This amount, \$407,930.63 is reported in the basic financial statements as both a revenue and expenditure of the District. This amount is reported on the schedule of state financial assistance.

**Note 6: ADJUSTMENTS**

The District has instances where a grant period overlaps fiscal years and the grant has not closed out as of the end of the current fiscal year. Both favorable and unfavorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in the prior year are included in the schedule(s) of financial assistance in a column entitled "Adjustments."

CITY OF ABSECON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2011

K-6

*Section I – Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified?             Yes      X   No
- 2) Significant deficiencies identified?             Yes      X   None reported
- Noncompliance material to basic financial statements noted?             Yes      X   No

**Federal Awards**

Internal control over major programs:

- 1) Material weakness(es) identified?             Yes      X   No
- 2) Significant deficiencies identified?             Yes      X   None reported

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

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

Yes      X      No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.027, 84.391, 84.392

Special Education Cluster - IDEA Part Basic & Preschool

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

Auditee qualified as low-risk auditee?        X   Yes           No



**CITY OF ABSECON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDING JUNE 30, 2011  
(CONTINUED)**

K-6

***Section II – Financial Statement Findings***

In accordance with *Government Auditing Standards*, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

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

**FEDERAL AWARDS**

Our audit disclosed no matters to be reported.

**STATE AWARDS**

Our audit disclosed no matters to be reported.

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings.