

**BOARD OF EDUCATION  
OF THE  
CITY OF CORBIN CITY  
SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2011**

# CITY OF CORBIN CITY SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

# CORBIN CITY BOARD OF EDUCATION

C/O Ocean City Board of Education  
501 Atlantic Avenue, Suite 1  
Ocean City, New Jersey 08226

November 22, 2011

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

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

The Comprehensive Annual Financial Report is presented in four sections:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a roster of officials.
- The Financial Section includes the Independent Auditors' 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 in which the District is required to undergo an annual single audit in conformity with the Single Audit Act and the U.S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES**

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

The District does not provide any educational services in itself but contracts for educational services with Upper Township Board of Education for K through 8 grade levels, with Ocean City Board of Education for 9 through 12 grade levels and with Atlantic County Special Services and Cape May County Special Services for special education services on an as needed basis. These services include regular and vocational as special education for handicapped students. The student count for the year ended June 30, 2011 was 70 as compared to 77 in the previous year. The District operates as a non-operating school district. As required by law, it shall maintain a board of education, a board secretary's office and a budget for its expenditures, including board operations, tuition, transportation, insurance and any other needs.

## **2) ECONOMIC CONDITION AND OUTLOOK**

The Corbin City area continues to experience limited development, which is in part due to governmental zoning and restrictions in this and neighboring communities. The modest housing constriction, with an extremely limited number of new businesses or industry, continues to put additional burdens on the taxpayers of the community.

## **3) MAJOR INITIATIVES**

The Corbin City Board of Education will continue to strive for a quality education for the district's students via the sending/receiving relationships with the Upper Township Board of Education for grades per-K through 8 students and the Ocean City Board of Education for grades 9 through 12 students. The Corbin City Board of Education will continue to develop fiscally sound and realistic budgets for the education of all resident students and the associated administrative expenses of the school district. The Corbin City Board of Education will continue to monitor special education costs of the district and will dialog, as needed, with special services departments of both receiving districts.

## **4) INTERNAL ACCOUNTING CONTROLS**

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

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

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

#### **5) BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

#### **6) 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 explained in "Notes to the Financial Statements".

#### **7) CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### **8) DEBT ADMINISTRATION**

At June 30, 2011, the District had no long-term debt.

## **9) CARL ROAD SCHOOL PROPERTY**

During the 2010-11 school year, the transfer of ownership of the Carl Road Schools and property from the Board of Education to the City of Corbin City was completed, eliminating the need for the Board of Education to budget building maintenance and operation expenses in the future.

## **10) RISK MANAGEMENT**

The Board 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.

## **11) OTHER INFORMATION**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Preziosi Nicholson & Associates, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and State of New Jersey Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditors' 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.

## **12) ACKNOWLEDGMENTS**

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

Respectfully submitted,

***Thomas P. Grossi***

Thomas P. Grossi  
Business Administrator

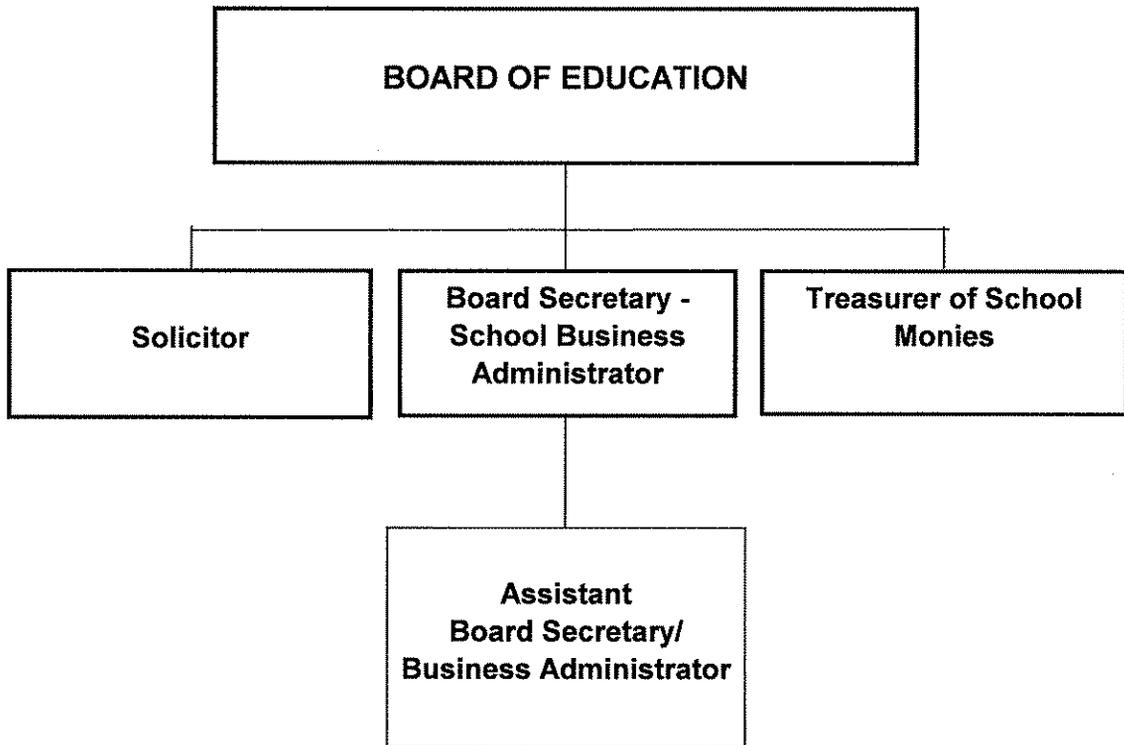
***Dana Loder***

Dana Loder  
Assistant Business Administrator/Board  
Secretary

**CITY OF CORBIN CITY SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

**ORGANIZATIONAL CHART  
(UNIT CONTROL)**



**CITY OF CORBIN CITY SCHOOL DISTRICT**

**County of Atlantic  
Corbin City, New Jersey**

**ROSTER OF OFFICIALS**

**June 30, 2011**

<b>Members of the Board of Education</b>		<b>Term Expires</b>
Melissa Garrett	President	2014
Carol Iverson	Vice-President	2016
Maggie Betz	Board Member	2012
Jules Leider	Board Member	2013
Patricia Lynn Tyszka	Board Member	2015

**Other Officials**

Thomas P. Grossi	School Business Administrator
Dana Loder	Assistant Business Administrator/Board Secretary
Beverly J. Trotten	Treasurer
William S. Cappuccio, Esq.	Solicitor

**CITY OF CORBIN CITY SCHOOL DISTRICT**

**Consultants and Advisors**

**Attorney**

William S. Cappuccio, Esq.  
PO Box 107  
Hammonton, New Jersey 08037

**Audit Firm**

James M. Preziosi, MS, CPA, PSA  
Preziosi Nicholson & Associates, P.A.  
Certified Public Accountants  
1101 Wheaton Avenue  
Suite 100  
Millville, New Jersey 08332

**Official Depository**

Ocean City Home Bank  
1001 Asbury Avenue  
Ocean City, New Jersey 08226-0447

**Insurance Agent**

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

## **FINANCIAL SECTION**

# PREZIOSI·NICHOLSON

& ASSOCIATES PA

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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the City of Corbin City School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 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 District's management. Our responsibility is to express an opinion 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 in compliance with 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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, each major fund, and the aggregate remaining fund information of the City of Corbin City School District 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 a report dated November 22, 2011 on our consideration of the City of Corbin City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corbin City School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of 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. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, 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.

**PREZIOSI • NICHOLSON & ASSOCIATES**  
Certified Public Accountants

James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 22, 2011  
Millville, NJ

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

# CITY OF CORBIN CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011 (UNAUDITED)

This section of the City of Corbin City Board of Education School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- Net Assets for Governmental \$393,491.
- The District transferred ownership of the Carl Road Schools and property to the City of Corbin City.
- The General Fund Unassigned Fund Balance as of June 30, 2011 was \$180,306.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Independent Auditor's Report, Required Supplementary Information, the Basic Financial Statements, and Supplementary Information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *long-term* and short-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the statement and provide more detailed data.

# CITY OF CORBIN CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011 (UNAUDITED)

### District-Wide Financial Statements

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

The two district-wide statements report net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or *position*. The district-wide financial statements include the *Governmental Activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

The District has the following kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary Funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**CITY OF CORBIN CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(UNAUDITED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The difference between the District's assets and liabilities is its net assets.

**NET ASSETS**

	<b>Governmental Activities</b>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 393,771	\$ 315,409
Capital Assets; net		<u>5,788</u>
<b>Total Assets</b>	<u>393,771</u>	<u>321,197</u>
<b>Liabilities</b>		
Other Liabilities	280	1,540
Long-Term Liabilities		<u>                    </u>
<b>Total Liabilities</b>	<u>280</u>	<u>1,540</u>
<b>Net Assets</b>		
Invested in Capital Assets; Net of Debt		578,822
Restricted	213,185	120,467
Unrestricted	<u>180,306</u>	<u>193,402</u>
<b>Total Net Assets</b>	<u>\$ 393,491</u>	<u>\$ 892,691</u>

# CITY OF CORBIN CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011 (UNAUDITED)

The key elements to the increase (decrease) in the District's net assets are detailed in the Change in Net Assets.

### CHANGE IN NET ASSETS

	<b>Governmental Activities</b>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Revenues</b>		
General Revenues		
Property Taxes	\$ 786,464	\$ 786,464
Grants and Entitlements	684,536	755,257
Other	<u>8,699</u>	<u>13,305</u>
Total Revenues	<u>1,479,699</u>	<u>1,555,026</u>
<b>Expenses</b>		
Support Services		
Tuition	1,258,548	1,348,789
Student and Instruction	3,165	
General Administration	17,576	21,888
Central Services	20,385	20,388
Plant Operations and Maintenance	48,541	24,882
Pupil Transportation	50,694	66,230
Employee Benefits	1,168	1,449
Depreciation		<u>21,492</u>
Total Expenses	<u>1,400,076</u>	<u>1,505,118</u>
Change in Net Assets	79,623	49,908
Transfer of Capital Assets	(578,822)	
Net Assets - July - 1	<u>892,690</u>	<u>842,782</u>
Net Assets - June 30	<u>\$ 393,491</u>	<u>\$ 892,690</u>

# CITY OF CORBIN CITY SCHOOL DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011 (UNAUDITED)

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As of the end of the current fiscal year, the District's governmental funds reported combining ending fund balances of:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Restricted		
Emergency Reserve	\$ 90,967	\$ 90,467
Tuition Reserve	103,910	30,000
Assigned		
Designated for Subsequent Year's Expenditures	6,590	
Other Purpose	11,718	
Unassigned		
General Fund	<u>180,306</u>	<u>193,402</u>
	<u>\$ 393,491</u>	<u>\$ 313,869</u>

### GENERAL FUND BUDGETARY HIGHLIGHTS

The 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 prevent over-expenditures in specific line item accounts.

#### Revenues

The General Fund proposed budget, estimated revenues at \$1,459,090. Actual revenues were \$1,476,507.

#### Expenditures

The General Fund adopted expenditures were budgeted at \$1,459,090. Actual expenditures were \$1,400,076.

# **CITY OF CORBIN CITY SCHOOL DISTRICT**

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011 (UNAUDITED)**

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

During the 2010-11 school year, the transfer of ownership of the Carl Road Schools and property from the Board of Education to the City of Corbin City was completed, eliminating the need for the Board of Education to budget building maintenance and operation expenses in the future. For more detailed information, please refer to the Notes to the Financial Statements.

#### **Debt Administration**

In accordance with the statutes governing Type I School Districts, the bonded debt is assumed by the City of Corbin City, New Jersey, and provision for amortization of principal and interest on the outstanding debt is included in the city budget.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a summary of the financial condition of School District. Questions concerning any of the information provided in this report should be addressed to:

School Business Administrator/Board Secretary  
City of Corbin City School District  
C/O Ocean City Board of Education  
501 Atlantic Avenue, Suite 1  
Ocean City, New Jersey 08226-3891

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

CITY OF CORBIN CITY SCHOOL DISTRICT

Statement of Net Assets  
June 30, 2011

See Accompanying Notes to the Basic Financial Statements

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 380,030.51	\$ -	\$ 380,030.51
Accounts Receivable			
Interfunds Receivable	2,022.90		2,022.90
State of New Jersey	11,718.00		11,718.00
<b>Total Assets</b>	<b>393,771.41</b>	<b>-</b>	<b>393,771.41</b>
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	280.00		280.00
<b>Total Liabilities</b>	<b>280.00</b>	<b>-</b>	<b>280.00</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt			-
Restricted	213,185.00		213,185.00
Unrestricted	180,306.41		180,306.41
<b>Total Net Assets</b>	<b>\$ 393,491.41</b>	<b>\$ -</b>	<b>\$ 393,491.41</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For The Fiscal Year Ended June 30, 2011**

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Support Services						
Tuition	\$ 1,258,547.66	\$ -	\$ -	\$ (1,258,547.66)	\$ -	\$ (1,258,547.66)
Student and Instruction	3,165.34	-	-	(3,165.34)	-	(3,165.34)
General Administration	17,576.23	-	-	(17,576.23)	-	(17,576.23)
Central Services	20,385.00	-	-	(20,385.00)	-	(20,385.00)
Plant Operations and Maintenance	48,541.16	-	-	(48,541.16)	-	(48,541.16)
Pupil Transportation	50,693.51	-	-	(50,693.51)	-	(50,693.51)
Employee Benefits	1,167.52	-	-	(1,167.52)	-	(1,167.52)
<b>Total Primary Government</b>	<b>\$ 1,400,076.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,400,076.42)</b>	<b>\$ -</b>	<b>\$ (1,400,076.42)</b>
<b>General Revenues</b>						
Tax Levy				786,464.00		786,464.00
Unrestricted Federal and State Aid				684,536.00		684,536.00
Investment Earnings				4,322.71		4,322.71
Other Income				4,376.75		4,376.75
Transfer of Capital Assets				(578,822.00)		(578,822.00)
<b>Total General Revenues And Transfers</b>				<b>900,877.46</b>	<b>-</b>	<b>900,877.46</b>
Change in Net Assets				(499,198.96)		(499,198.96)
Net Assets, July 1				892,690.37		892,690.37
Net Assets, June 30				\$ 393,491.41		\$ 393,491.41

## FUND FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS**

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

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 380,030.51	\$ -	\$ -	\$ 380,030.51
Accounts Receivable				
Interfunds Receivable	2,022.90			2,022.90
State of New Jersey	11,718.00			11,718.00
<b>Total Assets</b>	<b>\$ 393,771.41</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 393,771.41</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 280.00	\$ -	\$ -	\$ 280.00
<b>Total Liabilities</b>	<b>280.00</b>	<b>-</b>	<b>-</b>	<b>280.00</b>
<b>FUNDS BALANCES</b>				
<b>Restricted</b>				
Emergency Reserve	90,967.00			90,967.00
Tuition Reserve	103,910.00			103,910.00
<b>Assigned</b>				
Designated for Subsequent Year's Expenditures	6,590.00			6,590.00
Other Purpose	11,718.00			11,718.00
<b>Unassigned</b>				
General Fund	180,306.41			180,306.41
<b>Total Fund Balance</b>	<b>393,491.41</b>	<b>-</b>	<b>-</b>	<b>393,491.41</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 393,771.41</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 393,771.41</b>
<b>Total Governmental Fund Balances</b>				<b>\$ 393,491.41</b>
<b>Reconciliation to Statement of Net Assets</b>				
Capital Assets				-
Long-Term Liabilities				-
<b>Total Net Assets - Governmental Activities</b>				<b>\$ 393,491.41</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**For The Fiscal Year Ended June 30, 2011**

See Accompanying Notes to the Basic Financial Statements

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Local Sources				
Local Tax Levy	\$ 786,464.00	\$ -	\$ -	\$ 786,464.00
Interest Earned	4,322.71			4,322.71
Miscellaneous	4,376.75			4,376.75
	795,163.46	-	-	795,163.46
State Sources	684,536.00			684,536.00
Total Revenues	1,479,699.46	-	-	1,479,699.46
<b>EXPENDITURES</b>				
Current				
Support Services				
Tuition	1,258,547.66			1,258,547.66
Student and Instruction	3,165.34			3,165.34
General Administration	17,576.23			17,576.23
Central Services	20,385.00			20,385.00
Plant Operations and Maintenance	48,541.16			48,541.16
Pupil Transportation	50,693.51			50,693.51
Employee Benefits	1,167.52			1,167.52
Total Expenditures	1,400,076.42	-	-	1,400,076.42
Excess (Deficiency) of Revenues Over Expenditures	79,623.04	-	-	79,623.04
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balance	79,623.04	-	-	79,623.04
Fund Balance, July 1	313,868.37	-	-	313,868.37
Fund Balance, June 30	\$ 393,491.41	\$ -	\$ -	\$ 393,491.41

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

See Accompanying Notes to the Basic Financial Statements

Total Net Change in Fund Balances - Governmental Funds	(B-2)	\$ 79,623.04
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Amounts Reported for Governmental Activities in the Statement of Activities are different because:

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

Depreciation Expense		-
Capital Outlays		-
Transfer of Capital Assets to City of Corbin City		(578,822.00)

In the Statement of Activities, certain operating expenses, e.g., compensated absences 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).

(Increase) Decrease in Accrued Compensated Absences		-
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Change in Net Assets of Governmental Activities		\$ (499,198.96)
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**PROPRIETARY FUNDS**

None

## **FIDUCIARY FUNDS**

CITY OF CORBIN CITY SCHOOL DISTRICT  
 Fiduciary Funds  
 Statement of Fiduciary Net Assets  
 June 30, 2011

See Accompanying Notes to the Basic Financial Statements

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,022.90
Total Assets	2,022.90
<b>LIABILITIES</b>	
Interfund Payable	2,022.90
Total Liabilities	2,022.90
<b>NET ASSETS</b>	
Reserve	-
Total Net Assets	\$ -

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity** – The City of Corbin City School District (hereafter referred to as the “District”) is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education. The Board consists of appointed officials and is responsible for the fiscal control of the District.

The District serves an area of eight square miles. The purpose of the District is to provide education for all of Corbin City’s students, grade K through 12. The District is a sending district and, therefore, does not have a school facility.

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

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered component units.

**Basis of Presentation**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies are described in this Note.

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

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

**Government-Wide Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and for the business-type activities of the District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Fund**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund (Continued)**

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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.

**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 other than debt service or capital projects.

**Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. 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 and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. As the District is a Type I District, the City of Corbin City is responsible for the debt of the District and, therefore, a Debt Service Fund is not maintained.

**Proprietary Fund**

Proprietary Funds are used to account for and report for the District's ongoing activities, which are similar to those found in the private sector. The accounting system of the District does not include any Proprietary Funds.

**Fiduciary Fund**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. 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 (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has three fiduciary funds, a private-purpose scholarship fund, a student activity fund, and payroll fund.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus**

**Government-Wide Financial Statements** – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**Fund Financial Statements** - All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Government fund financial statements, therefore, include reconciliation with brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All Assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditure.

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

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

**Revenues – Exchange and Nonexchange Transactions (Continued)**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute a municipality is required to remit to its District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the 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 available as an advance, interest, and tuition.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and 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 approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C.6A:23A-13.3.

Format budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the District does not report encumbrances outstanding at fiscal year end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the last state aid payment.

**Encumbrances**

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

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

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

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of 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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

**Deferred Expenditures**

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

**Tuition Payable**

Tuition charges payable for the fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

During the 2010-11 school year, the transfer of ownership of the Carl Road Schools and property from the Board of Education to the City of Corbin City was completed.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method under the full month convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land Improvements	10-20 Years
Building and Improvements	10-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-10 Years

**Compensated Absences**

The District does not grant vacation and sick leave.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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**

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

**Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the District to spend fund balances, if appropriated, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchanged transactions between funds are reported as revenues in the seller funds and as expenditure / expense 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 proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

**NOTE 2           CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Districts' deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the District relative to the happening of a future condition. Such funds are considered uninsured and uncollateralized.

As of June 30, 2011, none of the District's bank balances of \$382,089.32 are considered uninsured or uncollateralized.

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Credit Risk**

New Jersey Statutes 19A:20-37 limits District' investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the district may invest in any one issuer.

**NOTE 3 TUITION RESERVE**

As permitted in N.J.A.C. 6A:23-3.1(f) the District provided a reserve for tuition. The activity of the reserve account for the year is as follows:

Beginning Balance; July 1, 2010	\$	30,000.00
Deposits		
Board Approval		73,910.00
Withdrawals		
Approved at Election		_____
Ending Balance; June 30, 2011	\$	103,910.00

**NOTE 4 EMERGENCY RESERVE**

Emergency reserve accounts may be established by New Jersey school districts for the accumulation of funds for the use of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S. A. 18A:7F-41c(1).

The activity of the reserve account for the year is as follows:

Beginning Balance; July 1, 2010	\$	90,467.00
Deposits		
Interest Earned		500.00
Board Approval		
Withdrawals		
Approved at Election		_____
Ending Balance; June 30, 2011	\$	90,967.00

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 5 CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Land	\$ 30,000.00	\$	\$ 30,000.00	\$
	31,951.00		31,951.00	
Equipment	<u>994,733.00</u>	<u>                    </u>	<u>994,733.00</u>	<u>                    </u>
Total at Historical Cost	1,056,684.00		1,056,684.00	
Accumulated Depreciation	<u>477,862.00</u>	<u>                    </u>	<u>477,862.00</u>	<u>                    </u>
Capital Assets, Net	<u>\$ 578,822.00</u>	<u>\$</u>	<u>\$(578,822.00)</u>	<u>\$</u>

During the 2010-11 school year, the District transferred ownership of the Carl Road Schools and property to the City of Corbin City.

**NOTE 6 PENSION PLANS**

School District's employees participated in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participated in the Defined Contribution Retirement Program, which is a contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Teacher's Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103 P.L., 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in the member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

**Public Employees' Retirement System**

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

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

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for the fiscal year ended June 30, 2011 was \$377.00

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 7 POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990,c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health 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 \$126.39 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NOTE 8 ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2011, the State contributed \$0.00 for normal costs and post-retirement costs related to TPAF.

**NOTE 9 CONTRACT WITH OCEAN CITY BOARD OF EDUCATION**

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

**NOTE 10 INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,022.90	\$
Fiduciary Fund	<u>                    </u>	<u>2,022.90</u>
Total	<u>\$ 2,022.90</u>	<u>\$ 2,022.90</u>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 11 RISK MANAGEMENT**

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Year Ended June 30,	District Contributions	Employee Contributions	Net Cost	Ending Balance
2011	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2010	\$ 0.00	\$ 15.00	\$ 15.00	\$ 0.00
2009	\$ 0.00	\$ 31.00	\$ 31.00	\$ 0.00

**NOTE 12 EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Restricted 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There is no excess fund balance at June 30, 2011

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 13 FUND BALANCES**

The District has classified its fund balances as follows:

Nonspendable		\$
Restricted For:		
Emergency Reserve		90,967.00
Tuition Reserve		103,910.00
Assigned:		
Nonpublic School Transportation		174.00
Special Education Extraordinary Aid		11,544.00
Designated for Subsequent Year		6,590.00
Unassigned – General Fund		240,302.41
		453,487.41
		\$ 453,487.41

**NOTE 14 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 which would result in the disallowance of program expenditures.

General

Per confirmation by the District's legal counsel, there are no material pending litigation, claims, assessments or contingent liabilities against the District.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal 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	\$ 786,464.00	-	\$ 786,464.00	\$ 786,464.00	\$ -
Interest Earned on Investments	3,000.00	-	3,000.00	3,822.71	822.71
Interest Earned on Emergency Reserves	500.00	-	500.00	500.00	-
Miscellaneous	-	-	-	4,376.75	4,376.75
<b>Total Local Sources</b>	<b>789,964.00</b>	<b>-</b>	<b>789,964.00</b>	<b>795,163.46</b>	<b>5,199.46</b>
State Sources					
Equalization Aid	417,066.00	-	417,066.00	417,066.00	-
Categorical Transportation Aid	75,817.00	-	75,817.00	75,817.00	-
Categorical Special Education Aid	39,031.00	-	39,031.00	39,031.00	-
Categorical Security Aid	9,587.00	-	9,587.00	9,587.00	-
Adjustment Aid	128,125.00	-	128,125.00	128,125.00	-
Nonpublic Transportation Aid	-	-	-	174.00	174.00
Extraordinary Aid	-	-	-	11,544.00	11,544.00
<b>Total State Sources</b>	<b>669,626.00</b>	<b>-</b>	<b>669,626.00</b>	<b>681,344.00</b>	<b>11,718.00</b>
<b>Total Revenues</b>	<b>1,459,590.00</b>	<b>-</b>	<b>1,459,590.00</b>	<b>1,476,507.46</b>	<b>16,917.46</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES</b>					
Current Expense					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	958,593.00	7,950.00	966,543.00	966,543.00	-
Tuition to Other LEAs Within the State - Special	95,235.00	(0.10)	95,234.90	95,234.70	0.20
Tuition to County Vocational School - Regular	31,156.00	0.10	31,156.10	31,156.10	-
Tuition to County Vocational School - Special	52,591.00	-	52,591.00	52,591.00	-
Tuition to CSSD & Regular Day Schools	95,852.00	16,964.00	112,816.00	112,815.80	0.20
Tuition to Private School Handicapped		207.06	207.06	207.06	-
Total Undistributed Expenditures - Instruction	1,233,427.00	25,121.06	1,258,548.06	1,258,547.66	0.40
Other Support Services - Students - Extraordinary Purchased Professional-Educational Services	4,000.00	-	4,000.00	3,165.34	834.66
Total Undistributed Expenditures - Students - Extraordinary	4,000.00	-	4,000.00	3,165.34	834.66
Other Support Services - Students - Child Study Team Purchased Professional-Educational Services	600.00	-	600.00	-	600.00
Total Undistributed Expenditures - Child Study Team	600.00	-	600.00	-	600.00
Support Services - General Administration					
Salaries	3,500.00	-	3,500.00	3,500.00	-
Legal Services	6,000.00	-	6,000.00	4,250.00	1,750.00
Audit Fees	4,900.00	-	4,900.00	4,845.00	55.00
Communications/Telephone	1,000.00	-	1,000.00	281.40	718.60
Miscellaneous Purchased Services (400-500 Series Other Than 530/585)	500.00	-	500.00	-	500.00
Other Purchased Services (400-500 series)	7,000.00	-	7,000.00	3,631.08	3,368.92
Board of Education Membership Dues and Fees	1,300.00	-	1,300.00	1,068.75	231.25
Total Undistributed Expenditures - Support Services - General Administration	24,200.00	-	24,200.00	17,576.23	6,623.77

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Central Services</b>					
Purchased Professional Services	20,385.00	-	20,385.00	20,385.00	-
Miscellaneous Purchased Services (400-500 Series)	500.00	-	500.00	-	500.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>20,885.00</b>	<b>-</b>	<b>20,885.00</b>	<b>20,385.00</b>	<b>500.00</b>
<b>Custodial Services</b>					
Cleaning, Repair, and Maintenance Services	50,000.00	-	50,000.00	40,619.05	9,380.95
Insurance	8,000.00	-	8,000.00	6,154.25	1,845.75
Energy - Electricity	7,500.00	-	7,500.00	655.86	6,844.14
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>65,500.00</b>	<b>-</b>	<b>65,500.00</b>	<b>47,429.16</b>	<b>18,070.84</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance Services	5,000.00	-	5,000.00	800.00	4,200.00
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>5,000.00</b>	<b>-</b>	<b>5,000.00</b>	<b>800.00</b>	<b>4,200.00</b>
<b>Security</b>					
Purchased Professional and Technical Services	1,000.00	-	1,000.00	312.00	688.00
<b>Total Undistributed Expenditures - Security</b>	<b>1,000.00</b>	<b>-</b>	<b>1,000.00</b>	<b>312.00</b>	<b>688.00</b>
<b>Total Undistributed Expenditures - Operations &amp; Maintenance of Plant</b>	<b>71,500.00</b>	<b>-</b>	<b>71,500.00</b>	<b>48,541.16</b>	<b>22,958.84</b>
<b>Student Transportation Services</b>					
Contracted Services - Aid in Lieu of Payment for Non-Public Students	1,768.00	-	1,768.00	884.00	884.00
Contracted Services - (Between Home and School) - Joint Agreements	36,000.00	(2,015.55)	33,984.45	25,076.99	8,907.46
Contracted Services - (Special Education Students) - Joint Agreements	64,560.00	(23,105.51)	41,454.49	24,732.52	16,721.97
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>102,328.00</b>	<b>(25,121.06)</b>	<b>77,206.94</b>	<b>50,693.51</b>	<b>26,513.43</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Personal Services - Unallocated Benefits - Employee Benefits					
Social Security Contributions	575.00	-	575.00	267.76	307.24
Other Retirement Contributions - PERS	1,000.00	-	1,000.00	377.00	623.00
Unemployment Compensation	50.00	-	50.00	22.76	27.24
Workmen's Compensation	525.00	-	525.00	500.00	25.00
<b>Total Personal Services - Employee Benefits</b>	<b>2,150.00</b>	<b>-</b>	<b>2,150.00</b>	<b>1,167.52</b>	<b>982.48</b>
Total Undistributed Expenditures	1,459,090.00	-	1,459,090.00	1,400,076.42	59,013.58
Total Current Expense	1,459,090.00	-	1,459,090.00	1,400,076.42	59,013.58
Emergency Reserve	500.00		500.00		500.00
Interest Deposit to Emergency Reserves					
Total Emergency Reserve	500.00	-	500.00	-	500.00
Capital Outlay					
Facilities Acquisition and Construction Services					
Total Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,459,590.00</b>	<b>-</b>	<b>1,459,590.00</b>	<b>1,400,076.42</b>	<b>59,513.58</b>
Excess (Deficiency) of Revenues Over(Under) Expenditures	-	-	-	76,431.04	76,431.04

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For The Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Other Financing Sources (Uses)					
Operating Transfer In (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	76,431.04	76,431.04
Fund Balance, July 1	377,056.37	-	377,056.37	377,056.37	-
Fund Balance, June 30	<u>\$ 377,056.37</u>	<u>\$ -</u>	<u>\$ 377,056.37</u>	<u>\$ 453,487.41</u>	<u>\$ 76,431.04</u>
Recapitulation					
Restricted Fund Balance				\$ 90,967.00	
Emergency Reserve				103,910.00	
Tuition Reserve					
Assigned Fund Balance				6,590.00	
Designated for Subsequent Year's Expenditures				174.00	
Nonpublic School Transportation Reimbursement				11,544.00	
Special Education Extraordinary Aid				240,302.41	
Unassigned Fund Balance				453,487.41	
Reconciliation to Governmental Funds Statements (GAAP)				<u>(59,996.00)</u>	
Last State Aid Payment Not Recognized on GAAP Basis				<u>\$ 393,491.41</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 393,491.41</u>	

**NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION**

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

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (Budgetary Basis) revenue from the Budgetary Comparison Schedule	\$ 1,476,507.46	
<b>Difference - Budget to GAAP</b>		
Grant accounting Budgetary Basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
Encumbrances		
June 30, 2010	-	
June 30, 2011	-	
State Aid payment recognized for budgetary purposes, not recognized for GAAP purposes.		
State Aid Payment		
June 30, 2010	63,188.00	
June 30, 2011	(59,996.00)	
<b>Total revenues as reported on the Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 1,479,699.46</b>	<b>\$ -</b>
<b>Uses/Outflows of Resources</b>		
Actual amounts (Budgetary Basis) total outflows from the Budgetary Comparison Schedule	\$ 1,400,076.42	
<b>Differences - Budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are recorded in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances		
June 30, 2010		-
June 30, 2011		-
<b>Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</b>	<b>\$ 1,400,076.42</b>	<b>\$ -</b>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

**NONE**

The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

## **CAPITAL PROJECTS FUND**

**NONE**

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

## **PROPRIETARY FUNDS**

**NONE**

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

## **FIDUCIARY FUNDS**

**ESCROW DEPOSIT AND PAYROLL**

Fiduciary Funds are used to account for funds received by the District for a specific purpose. Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments and/or other funds.

## **LONG-TERM DEBT**

**NONE**

The District is a Type I School District, the City of Corbin City is responsible for the debt of the District.

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

	Escrow Deposit	Payroll	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,020.75	\$ 2.15	\$ 2,022.90
Total Assets	2,020.75	2.15	2,022.90
<b>LIABILITIES</b>			
Interfund Payable	2,020.75	2.15	2,022.90
Total Liabilities	2,020.75	2.15	2,022.90
<b>NET ASSETS</b>			
Reserved			
Total Net Assets	\$ -	\$ -	\$ -

CITY OF CORBIN CITY SCHOOL DISTRICT  
 Fiduciary Funds  
 Rental Escrow Trust Fund  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,006.00	\$ 2,035.50	\$ 2,020.75	\$ 2,020.75
Total Assets	<u>\$ 2,006.00</u>	<u>\$ 2,035.50</u>	<u>\$ 2,020.75</u>	<u>\$ 2,020.75</u>
<b>LIABILITIES</b>				
Escrow Deposit Interfund Payable	\$ 2,006.00	\$ 14.75 2,020.75	\$ 2,020.75	\$ - 2,020.75
Total Liabilities	<u>\$ 2,006.00</u>	<u>\$ 2,035.50</u>	<u>\$ 2,020.75</u>	<u>\$ 2,020.75</u>

CITY OF CORBIN CITY SCHOOL DISTRICT  
 Fiduciary Funds  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 238.17	\$ 4,171.08	\$ 4,407.10	\$ 2.15
Total Assets	<u>\$ 238.17</u>	<u>\$ 4,171.08</u>	<u>\$ 4,407.10</u>	<u>\$ 2.15</u>
<b>LIABILITIES</b>				
Net Payroll	\$ -	\$ 2,721.69	\$ 2,721.69	\$ -
Payroll Deductions and Withholding	236.40	1,447.24	1,683.64	-
Interfund Payable	<u>1.77</u>	<u>2.15</u>	<u>1.77</u>	<u>2.15</u>
Total Liabilities	<u>\$ 238.17</u>	<u>\$ 4,171.08</u>	<u>\$ 4,407.10</u>	<u>\$ 2.15</u>

## **STATISTICAL SECTION**

**CITY OF CORBIN CITY SCHOOL DISTRICT**

**Statistical Section  
Introduction to the Statistical Section**

**Financial Trends**

- J-1 These schedules contain trend information to help the reader understand how the District's
- J-2 financial performance and well being have changed over time.
- J-3
- J-4
- J-5

**Revenue Capacity**

- J-6 These schedules contain information to help the reader assess the District's most
- J-7 significant local revenue source, the property tax.
- J-8
- J-9

**Debt Capacity**

- J-10 These schedules present information to help the reader assess the affordability of the
- J-11 District's current levels of outstanding debt and the District's ability to issue additional debt
- J-12 in the future.
- J-13

**Demographic and Economic Information**

- J-14 These schedules offer demographic and economic indicators to help the reader
- J-15 understand the environment within which the District's financial activities take place.

**Operating Information**

- J-16 These schedules contain service and infrastructure data to help the reader understand
- J-17 how the information in the District's financial report relates to the services the District
- J-18 provides and the activities it performs.
- J-19
- J-20

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

## FINANCIAL TRENDS

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Net Assets By Component**  
Source: CAFR A-1

Exhibit J-1  
Unaudited

	Fiscal Year Ended									
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004		
<b>Governmental Activities</b>										
Invested in Capital Assets, net of related debt	\$ -	\$ 578,822.00	\$ 600,314.00	\$ 621,806.00	\$ 643,298.00	\$ 664,790.00	\$ 686,282.00	\$ 732,026.00		
Restricted	213,185.00	120,467.00	171,773.00	224,878.00	252,673.00	270,155.00	-	-		
Unrestricted	180,306.41	193,402.00	70,696.00	174,322.00	112,569.00	73,769.00	37,689.00	(56,280.00)		
<b>Total Governmental Activities Net Assets</b>	<b>\$ 393,491.41</b>	<b>\$ 892,691.00</b>	<b>\$ 842,783.00</b>	<b>\$ 1,021,006.00</b>	<b>\$ 1,008,540.00</b>	<b>\$ 1,008,714.00</b>	<b>\$ 723,971.00</b>	<b>\$ 675,746.00</b>		
<b>Business-Type Activities</b>										
Invested in Capital Assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted	-	-	-	-	-	-	-	-		
Unrestricted	-	-	-	-	-	-	-	-		
<b>Total Business-Type Activities Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>District-Wide</b>										
Invested in Capital Assets, net of related debt	\$ -	\$ 578,822.00	\$ 600,314.00	\$ 621,806.00	\$ 643,298.00	\$ 664,790.00	\$ 686,282.00	\$ 732,026.00		
Restricted	213,185.00	120,467.00	171,773.00	224,878.00	252,673.00	270,155.00	-	-		
Unrestricted	180,306.41	193,402.00	70,696.00	174,322.00	112,569.00	73,769.00	37,689.00	(56,280.00)		
<b>Total District-Wide Net Assets</b>	<b>\$ 393,491.41</b>	<b>\$ 892,691.00</b>	<b>\$ 842,783.00</b>	<b>\$ 1,021,006.00</b>	<b>\$ 1,008,540.00</b>	<b>\$ 1,008,714.00</b>	<b>\$ 723,971.00</b>	<b>\$ 675,746.00</b>		

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Changes in Net Assets**  
 Source: CAFR A-2

Exhibit J-2  
 Unaudited

	Fiscal Year Ended							
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
<b>Expenses</b>								
<b>Governmental Activities</b>								
Instruction								
Regular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education	-	-	-	-	-	-	-	-
School Sponsored Activities	-	-	-	-	-	-	-	-
Other Special	-	-	-	-	-	-	-	-
Support Services								
Tuition	1,258,547.66	1,348,789.00	1,489,028.00	1,418,429.00	1,425,008.00	1,218,815.00	1,269,200.00	1,155,185.00
Student and Instruction	3,165.34	-	1,600.00	4,010.00	1,860.00	1,200.00	2,070.00	12,023.00
General Administration	17,576.23	21,888.00	19,719.00	16,702.00	16,273.00	17,163.00	21,009.00	16,979.00
Central Services	20,385.00	20,388.00	20,577.00	20,385.00	20,402.00	16,908.00	-	-
Plant Operations and Maintenance	48,541.16	24,882.00	6,048.00	5,515.00	5,817.00	5,005.00	22,636.00	34,483.00
Pupil Transportation	50,693.51	66,230.00	93,671.00	110,725.00	74,811.00	42,040.00	105,124.00	89,153.00
Employee Benefits	1,167.52	1,449.00	1,373.00	25,237.00	25,425.00	26,278.00	42,179.00	41,192.00
Unallocated Depreciation	-	21,492.00	21,492.00	21,492.00	21,492.00	21,492.00	21,492.00	25,901.00
<b>Total Governmental Activities Expenses</b>	<b>1,400,076.42</b>	<b>1,505,118.00</b>	<b>1,653,508.00</b>	<b>1,622,495.00</b>	<b>1,591,088.00</b>	<b>1,348,901.00</b>	<b>1,483,710.00</b>	<b>1,374,916.00</b>
<b>Total District-Wide Expenses</b>	<b>\$ 1,400,076.42</b>	<b>\$ 1,505,118.00</b>	<b>\$ 1,653,508.00</b>	<b>\$ 1,622,495.00</b>	<b>\$ 1,591,088.00</b>	<b>\$ 1,348,901.00</b>	<b>\$ 1,483,710.00</b>	<b>\$ 1,374,916.00</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Changes in Net Assets (Continued)**

Source: CAFR A-2

Exhibit J-2  
 Unaudited

	Fiscal Year Ended									
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004		
<b>Program Revenues</b>										
Governmental Activities										
Charges For Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Grants and Contributions	-	-	-	23,680.00	24,067.00	40,153.00	59,847.00	-	-	
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	
Total Governmental Activities	-	-	-	23,680.00	24,067.00	40,153.00	59,847.00	-	-	
Program Revenues										
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (1,400,076.42)	\$ (1,505,118.00)	\$ (1,653,508.00)	\$ (1,598,815.00)	\$ (1,567,021.00)	\$ (1,308,748.00)	\$ (1,423,863.00)	\$ (1,374,916.00)	\$ (1,374,916.00)	
Total District-Wide Net Expense	\$ (1,400,076.42)	\$ (1,505,118.00)	\$ (1,653,508.00)	\$ (1,598,815.00)	\$ (1,567,021.00)	\$ (1,308,748.00)	\$ (1,423,863.00)	\$ (1,374,916.00)	\$ (1,374,916.00)	
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities										
Local Tax Levy	786,464.00	\$ 786,464.00	\$ 786,464.00	\$ 759,100.00	\$ 763,006.00	\$ 794,617.00	\$ 740,776.00	\$ 425,501.00	\$ 425,501.00	
Unrestricted Grants and Contributions	684,536.00	755,257.00	721,645.00	732,190.00	711,022.00	743,198.00	752,732.00	719,084.00	719,084.00	
Investment Earnings	4,322.71	3,709.00	4,291.00	5,733.00	5,372.00	3,154.00	2,467.00	2,583.00	2,583.00	
Miscellaneous Income	4,376.75	9,596.00	885.00	114,258.00	90,010.00	52,522.00	(23,887.00)	16,967.00	16,967.00	
Net Cancellation of Lease Receivable	-	-	(38,000.00)	-	(2,563.00)	-	-	-	-	
Transfers to Charter Schools	-	-	-	-	-	-	-	-	-	
Transfer of Capital Assets	(578,822.00)	-	-	-	-	-	-	-	-	
Total Governmental Activities	900,877.46	1,555,026.00	1,475,285.00	1,611,281.00	1,566,847.00	1,593,491.00	1,447,836.00	1,164,115.00	1,164,115.00	
<b>Change in Net Assets</b>										
Governmental Activities	\$ (499,198.96)	\$ 49,908.00	\$ (178,223.00)	\$ 12,466.00	\$ (174.00)	\$ 284,743.00	\$ 23,973.00	\$ (210,801.00)	\$ (210,801.00)	
Total District-Wide	\$ (499,198.96)	\$ 49,908.00	\$ (178,223.00)	\$ 12,466.00	\$ (174.00)	\$ 284,743.00	\$ 23,973.00	\$ (210,801.00)	\$ (210,801.00)	

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Fund Balances - Governmental Funds**  
 Source: CAFR B-1

Exhibit J-3  
 Unaudited

	Fiscal Year Ended						
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
<b>General Fund</b>							
Restricted	\$ 194,877.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed							
Assigned	18,308.00						
Unassigned	180,306.41						
Reserved	120,467.00	171,773.00	224,878.00	283,916.00	270,155.00	-	-
Unreserved	193,402.00	70,696.00	174,322.00	81,326.00	37,689.00	(56,280.00)	
<b>Total General Fund</b>	<b>\$ 393,491.41</b>	<b>\$ 313,869.00</b>	<b>\$ 242,469.00</b>	<b>\$ 399,200.00</b>	<b>\$ 365,242.00</b>	<b>\$ 343,924.00</b>	<b>\$ 37,689.00</b>
<b>All Other Governmental Funds</b>							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in							
Special Revenue Fund	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>					

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
 Source: CAFR B-2

**Exhibit J-4**  
*Unaudited*

	Fiscal Year Ended									
	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
<b>Revenues</b>										
Local Tax Levy	\$ 786,464.00	\$ 786,464.00	\$ 786,464.00	\$ 759,100.00	\$ 763,006.00	\$ 794,617.00	\$ 740,776.00	\$ 425,501.00	\$ 235,550.00	\$ 122,866.00
Rent	-	-	-	96,000.00	90,000.00	-	-	-	51,326.00	55,667.00
Interest Earned	4,322.71	3,709.00	4,291.00	5,733.00	5,372.00	3,154.00	2,467.00	2,563.00	4,070.00	6,402.00
Miscellaneous	4,376.75	9,596.00	866.00	18,258.00	10.00	52,522.00	365.00	16,967.00	6,666.00	225.00
Federal Sources	-	108,448.00	-	-	-	-	-	-	-	-
State Sources	684,536.00	646,809.00	721,645.00	755,870.00	735,089.00	789,351.00	812,579.00	719,279.00	667,862.00	645,631.00
<b>Total Revenues</b>	<b>1,479,699.46</b>	<b>1,555,026.00</b>	<b>1,513,265.00</b>	<b>1,634,961.00</b>	<b>1,593,477.00</b>	<b>1,633,644.00</b>	<b>1,556,187.00</b>	<b>1,164,330.00</b>	<b>965,474.00</b>	<b>830,791.00</b>
<b>Expenditures</b>										
Instruction	-	-	-	-	-	-	-	-	-	-
Regular	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-
Tuition	1,258,547.66	1,348,789.00	1,489,028.00	1,418,429.00	1,425,008.00	1,218,815.00	1,269,200.00	1,155,185.00	977,486.00	702,390.00
Student and Instruction	3,165.34	-	1,600.00	4,010.00	1,860.00	1,200.00	2,070.00	12,023.00	-	-
General Administration	17,576.23	21,888.00	19,719.00	16,702.00	16,273.00	17,163.00	21,009.00	16,979.00	16,897.00	15,729.00
School Administrative	-	-	-	-	-	-	-	-	-	-
Central Services	20,385.00	20,388.00	20,577.00	20,385.00	20,402.00	16,908.00	-	-	-	-
Plant Operations and Maintenance	48,541.16	24,882.00	6,048.00	5,515.00	5,817.00	5,005.00	22,636.00	34,483.00	4,224.00	4,208.00
Pupil Transportation	50,693.51	66,230.00	93,671.00	110,725.00	74,811.00	42,040.00	105,124.00	89,153.00	96,793.00	84,769.00
Other Support Services	-	-	-	-	-	1,243.00	16,866.00	17,430.00	23,578.00	24,271.00
Pass-Through to Other School District	1,167.52	1,449.00	1,373.00	25,237.00	25,425.00	25,035.00	25,311.00	23,762.00	4,786.00	4,356.00
Employee Benefits	-	-	-	-	-	-	-	-	17,689.00	636.00
Capital Outlay	1,400,076.42	1,483,626.00	1,632,016.00	1,601,003.00	1,569,596.00	1,327,409.00	1,482,218.00	1,349,015.00	1,141,443.00	8,160.00
<b>Total Expenditures</b>	<b>79,623.04</b>	<b>71,400.00</b>	<b>(118,731.00)</b>	<b>33,958.00</b>	<b>23,881.00</b>	<b>306,235.00</b>	<b>93,969.00</b>	<b>(184,665.00)</b>	<b>(175,959.00)</b>	<b>(15,098.00)</b>
Excess (Deficiency) of Revenues Over Expenditures										
Other Financing Sources (Uses)										
Cancellation of Receivable Transfers Out	-	-	(38,000.00)	-	(2,563.00)	-	-	-	(7,166.00)	(14,332.00)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(38,000.00)</b>	<b>-</b>	<b>(2,563.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,166.00)</b>	<b>(14,332.00)</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 79,623.04</b>	<b>\$ 71,400.00</b>	<b>\$(156,731.00)</b>	<b>\$ 33,958.00</b>	<b>\$ 21,318.00</b>	<b>\$ 306,235.00</b>	<b>\$ 93,969.00</b>	<b>\$ (184,665.00)</b>	<b>\$(183,135.00)</b>	<b>\$ (29,430.00)</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**General Fund - Other Local Revenue By Source**  
*Source: District Records*

**Exhibit J-5**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Prior Year Orders Cancelled</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Totals</u>
2002	\$ 6,402.00		\$ 55,667.00	\$ 225.00	\$ 62,294.00
2003	4,070.00		51,326.00	6,666.00	62,062.00
2004	2,583.00			16,967.00	19,550.00
2005	2,467.00			365.00	2,832.00
2006	3,154.00		52,000.00	522.00	55,676.00
2007	5,372.00		90,000.00	10.00	95,382.00
2008	5,733.00		96,000.00	18,258.00	119,991.00
2009	4,291.00			885.00	5,176.00
2010	3,709.00			9,596.00	13,305.00
2011	4,322.71			4,376.75	8,699.46

## REVENUE CAPACITY

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**

Source: Municipal Tax Assessor

Fiscal Year Ended June 30	Vacant Land	Improvements	Total Taxable Value of Land & Improvements	Total Partial Exemptions & Abatements	Net Total Taxable Value of Land & Improvements	Taxable Value of Locally Assessed Personal Property	Net Valuation Taxable	Estimated Actual County Equalized Value	Total District School Tax Rate
2002	2,304,700	23,875,200	26,179,900		26,179,900	134,812	26,314,712	26,034,109	1.566
2003	2,040,500	24,996,700	27,037,200		27,037,200	134,548	27,171,748	28,463,207	1.566
2004	1,974,900	26,402,500	28,377,400		28,377,400	122,012	28,499,412	28,269,974	2.599
2005	1,905,800	27,249,600	29,155,400		29,155,400	122,625	29,278,025	28,012,490	2.714
2006	1,845,200	28,091,300	29,936,500		29,936,500	114,001	30,050,501	28,935,783	2.539
2007	1,753,500	27,671,300	29,424,800		29,424,800	74,674	29,499,474	46,915,878	2.573
2008	1,742,000	28,746,900	30,488,900		30,488,900	57,400	30,546,300	69,937,165	2.575
2009	1,727,000	30,246,100	31,973,100		31,973,100	80,200	32,053,300	56,382,917	2.454
2010	1,684,500	30,963,100	32,647,600		32,647,600	79,300	32,726,900	56,382,917	2.403
2011	9,904,400	23,446,600	33,351,000		33,351,000	69,700	33,420,700	46,979,498	1.528

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**

Source: Municipal Tax Collector

Fiscal Year Ended June 30,	Corbin City School District		Overlapping Rates			Total Direct and Overlapping Tax Rates
	Basic Rate	Debt Service	Local	County	Other	
2002	1.566	0.000	0.338	0.462	0.000	0.800
2003	1.566	0.000	0.338	0.462	0.000	0.800
2004	2.599	0.000	0.233	0.485	0.000	0.718
2005	2.714	0.000	0.272	0.410	0.000	0.682
2006	2.539	0.000	0.272	0.351	0.000	0.623
2007	2.573	0.000	0.287	0.489	0.000	0.776
2008	2.575	0.000	0.277	0.657	0.000	0.934
2009	2.454	0.000	0.207	0.526	0.000	0.733
2010	2.403	0.000	0.258	0.555	0.000	0.813
2011	1.528	0.000	0.458	0.509	0.000	0.967

CITY OF CORBIN CITY SCHOOL DISTRICT

Principal Property Taxpayers

Source: Municipal Tax Assessor

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mar-Jer Inc	751,600	1	2.30%	-	1	1.30%
Taxpayer 1	496,900	2	1.52%	396,800		0.69%
Taxpayer 2	378,700	3	1.16%	209,300	4	0.66%
Taxpayer 3	372,700	4	1.14%	202,100		0.61%
Taxpayer 4	351,500	5	1.08%	187,400	6	0.61%
Taxpayer 5	343,500	6	1.05%	186,000	7	0.61%
Taxpayer 6	342,900	7	1.05%	185,300	8	0.55%
Taxpayer 7	328,500	8	1.01%	168,800	9	0.54%
Taxpayer 8	319,800	9	0.98%	164,300	3	0.00%
Taxpayer 9	319,400	10	0.98%	-	10	1.83%
The Family Godfather				289,600	2	1.28%
Wintersrun Communications, Inc.				202,400	5	

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
*Source: District Records*

**Exhibit J-9**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Percentage of Tax Levy Collections</u>
2002	122,866.00	122,866.00	100.00%
2003	235,550.00	235,550.00	100.00%
2004	425,501.00	425,501.00	100.00%
2005	740,776.00	740,776.00	100.00%
2006	794,617.00	794,617.00	100.00%
2007	763,006.00	763,006.00	100.00%
2008	759,100.00	759,100.00	100.00%
2009	786,464.00	786,464.00	100.00%
2010	786,464.00	786,464.00	100.00%
2011	786,464.00	786,464.00	100.00%

## DEBT CAPACITY

**CITY OF CORBIN CITY SCHOOL DISTRICT**

**Ratio of Outstanding Debt By Type**

Source: District Records

Fiscal Year Ended June 30,	General Obligation Bonds		Governmental Activities		Business-Type		Percentage of Personal Income	Per Capita Personal Income
			Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases		
2010								
2009								
2008								
2007								
2006								
2005								
2004								
2003								
2002								
2001								
2000								

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Ratios of General Bonded Debt Outstanding**  
*Source: District Records*

**Exhibit J-11**  
**Unaudited**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita</u>
2010			-		
2009			-		
2008			-		
2007			-		
2006			-		
2005			-		
2004			-		
2003			-		
2002			-		
2001			-		
2000			-		

In accordance with statutes governing Type I School Districts, the bonded debt is assumed by the City and provision for amortization of principal and interest on the outstanding debt is included in the City budget.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
*Source: District Records*

**Exhibit J-12**  
**Unaudited**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of the School District	\$ -	100.00%	\$ -
Debt Repaid With Property Taxes			
Local Municipality	\$ 257,460.00	100.00%	257,460.00
Other Debt			
County of Atlantic	\$ 137,077,871.00	0.07%	<u>95,954.51</u>
Total Direct and Overlapping Debt			<u>\$ 353,414.51</u>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
*Source: District Records*

**Exhibit J-13**  
**Unaudited**

	Year										Equalized Valuation Basis
	2002	2003	2004	2005	2006	2007	2008	2009	2010		
Debt Limit	\$ 731,898	\$ 746,652	\$ 789,921	\$ 827,673	\$ 847,457	\$ 1,038,763	\$ 1,429,553	\$ 1,685,073	\$ 1,762,782		\$ 53,564,476
Total Net Debt Applicable Limit	-	-	-	-	-	-	-	-	-		55,364,675
Legal Debt Margin	\$ 731,898	\$ 746,652	\$ 789,921	\$ 827,673	\$ 847,457	\$ 1,038,763	\$ 1,429,553	\$ 1,685,073	\$ 1,762,782		46,979,498
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		\$ 155,908,649
Average Equalized Valuation of Taxable Property											\$ 51,969,550
School Borrowing Margin											
Average Equalized Valuation of Taxable Property											\$ 51,969,550
Net Bonded School Debt											3.00%
Legal Debt Margin											1,559,086
											\$ 1,559,086

## DEMOGRAPHIC AND ECONOMIC INFORMATION

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Demographic and Economic Statistics**

Source: NJ Department of Labor

**Exhibit J-14**  
**Unaudited**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School District</u> <u>Population</u>	<u>Personal</u> <u>Income</u>	<u>Per Capita</u> <u>Personal Income</u>	<u>Unemployment</u> <u>Rate</u>
2002	501	16,458,351	32,851	4.60%
2003	513	17,248,599	33,623	4.90%
2004	520	18,028,920	34,671	4.40%
2005	526	18,844,476	35,828	3.60%
2006	525	19,526,850	37,194	4.00%
2007	518	18,587,394	35,883	4.00%
2008	520	20,714,200	39,835	5.00%
2009	531	21,786,957	41,030	9.10%
2010	540	22,820,914	42,261	8.50%
2011	540	21,145,860	39,159	9.30%

**Source:**

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

Information Not Available

## **Operating Information**

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Full-Time Equivalent District Employees By Function/Program**  
 Source: *District Personnel Records*

Exhibit J-16  
 Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular										
Special Education										
Other Special Education										
Support Services										
Student Related										
General Administrative	2	2	2	2	2	2	2	1	1	1
School Administrative										
Business Administrative										
Plant Operation										
Other										
Food Service										
	2	2	2	2	2	2	2	1	1	1

CITY OF CORBIN CITY SCHOOL DISTRICT

Operating Statistics

Source: District Records

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	% Change	Teaching Staff	Enrollment	Average Daily Attendance	% Change in Average Daily Attendance	Student Attendance Percentage
2002	105.5	837,729	7,941	-4.33%					
2003	119.5	1,141,443	9,552	20.29%					
2004	110.5	1,349,015	12,208	27.81%					
2005	114.0	1,462,218	12,826	5.06%					
2006	105.0	1,327,409	12,642	-1.44%					
2007	93.0	1,569,596	16,877	33.50%					
2008	96.0	1,601,003	16,677	-1.19%					
2009	97.0	1,632,016	16,825	0.89%					
2010	76.5	1,483,626	19,394	15.27%					
2011	70.0	1,400,076	20,001	3.13%					
									Not Applicable

(a)

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**School Building Information**  
*Source: District Records*

**Exhibit J-18**  
**Unaudited**

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
-------------------	------	------	------	------	------	------	------	------	------	------

During the 2010-2011 school year, the District transferred ownership of the Carl Road Schools and property to the City of Corbin City.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Schedule of Required Maintenance for School Facilities**  
 Source: District Records

Exhibit J-19  
 Unaudited

**Undistributed Expenditures - Required Maintenance for School Facilities**

Facilities	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Building	\$ 950.00	\$ 400.00	\$ 6,862.00	\$ 11,189.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total School Facilities	950.00	400.00	6,862.00	11,189.00	-	-	-	-	-	-
Other Facilities										
Grand Total	\$ 950.00	\$ 400.00	\$ 6,862.00	\$ 11,189.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Insurance Schedule**  
*Source: District Records*

**Exhibit J-20**  
**Unaudited**

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

**SINGLE AUDIT SECTION**

# PREZIOSI · NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT 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 the Board of Education  
City of Corbin City School District  
County of Atlantic  
Corbin City, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate fund information of the Board of Education of the City of Corbin City School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 22, 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 described by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Educations' 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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District'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 was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

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

### **PREZIOSI • NICHOLSON & ASSOCIATES**

Certified Public Accountants

James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 22, 2011  
Millville, NJ

# PREZIOSI·NICHOLSON

& ASSOCIATES PA

Certified Public Accountants

EXHIBIT K-2

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY CIRCULAR 04-04-OMB**

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

## Compliance

We have audited the Board of Education of the City of Corbin City School District's compliance 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 Compliance Manual *State Grants Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2011. The District's major state programs are identified in the *Summary of Auditor's Results Section* of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Board of Education of the City of Corbin City School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

#### Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purposes of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, 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 District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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.

Expenditure for federal awards were less than the single audit threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Division of Finance, Department of Education, State of New Jersey and is not a required part of basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

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

**PREZIOSI • NICHOLSON & ASSOCIATES**  
Certified Public Accountants

James M. Preziosi  
Certified Public Accountant  
Public School Accountant No. CS 01141

November 22, 2011  
Millville, NJ

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Schedule A**  
**For The Fiscal Year Ended June 30, 2011**

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2011	
									Accounts Receivable	Due to Grantor

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**Schedule B**  
**For The Fiscal Year Ended June 30, 2011**

See Accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance

State Grantor/Program Title	Grant or Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2010	Cash Received	Budgetary Expenditures	Balance at June 30, 2011		(MEMO) Delayed State Aid Payment
							(Accounts Receivable)	Due to Grantor	
State Department of Education									
General Fund									
Adjustment Aid	11-495-034-5120-085	07/01/10-06/30/11	\$ 128,125.00		\$ 68,129.00	\$ 128,125.00			\$ (59,996.00)
Equalization Aid	11-495-034-5120-078	07/01/10-06/30/11	417,066.00		417,066.00	417,066.00			
Equalization Aid	10-495-034-5120-078	07/01/09-06/30/10	489,238.00	(48,931.00)	48,931.00				
Security Aid	11-495-034-5120-084	07/01/10-06/30/11	9,587.00		9,587.00	9,587.00			
Security Aid	10-495-034-5120-084	07/01/09-06/30/10	14,062.00	(1,406.00)	1,406.00				
Transportation Aid	11-495-034-5120-014	07/01/10-06/30/11	75,817.00		75,817.00	75,817.00			
Transportation Aid	10-495-034-5120-014	07/01/09-06/30/10	82,374.00	(8,238.00)	8,238.00				
Special Education Aid	11-495-034-5120-089	07/01/10-06/30/11	39,031.00		39,031.00	39,031.00			
Special Education Aid	10-495-034-5120-089	07/01/09-06/30/10	46,128.00	(4,613.00)	4,613.00				
Extraordinary Aid	11-100-034-5120-473	07/01/10-06/30/11	11,544.00		-	11,544.00	(11,544.00)		
Extraordinary Aid	10-100-034-5120-473	07/01/09-06/30/10	12,662.00	(12,662.00)	-				
Nonpublic Transportation Aid	11-495-034-5120-014	07/01/10-06/30/11	174.00		-	174.00	(174.00)		
Nonpublic Transportation Aid	10-495-034-5120-014	07/01/09-06/30/10	141.00	(141.00)	141.00				
<b>Total State Financial Assistance</b>				<b>\$ (75,991.00)</b>	<b>\$ 685,621.00</b>	<b>\$ 681,344.00</b>	<b>\$ (11,718.00)</b>	<b>\$ -</b>	<b>\$ (59,996.00)</b>

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2011**

**NOTE 1           GENERAL**

The accompanying Schedules of Expenditures of Awards and Financial Assistance include federal and state award activity of the Board of Education of the City of Corbin City School District. The Board of Education is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance 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 schedules of expenditures of federal awards and state financial assistance.

**NOTE 2           BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with 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 the amounts presented in, or used in the preparation of, the basic financial statements.

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

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

See Exhibit C-3, the Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**CITY OF CORBIN CITY SCHOOL DISTRICT**  
**Notes to Schedules of Awards and Financial Assistance**  
**June 30, 2011**

**NOTE 3            RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**

Awards and financial assistance revenues are reported in the basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund	\$ -	\$ 684,536.00	\$ 684,536.00
Total GAAP	-	684,536.00	684,536.00
Budgetary Adjustments			
State Aid Payment			
Current Year		59,996.00	59,996.00
Prior Year		(63,188.00)	(63,188.00)
Total Budgetary	<u>\$ -</u>	<u>\$ 681,344.00</u>	<u>\$ 681,344.00</u>

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

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

**NOTE 5            MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**CITY OF CORBIN CITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2011

**PART 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- A. Type of auditors' report issued:  
**Unqualified**
- B. Internal control over financial reporting:
  - 1. Material weakness(es) identified?  
**No**
  - 2. Were significant deficiencies identified that were not considered to be material weaknesses?  
**None Reported**
- C. Noncompliance material to financial statements noted.  
**No**

**Federal Awards Section**

N/A

**State Awards Section**

- A. Dollar threshold used to determine Type A programs.  
**\$300,000.00**
- B. Auditee qualified as low-risk auditee?  
**Yes**
- C. Type of auditors' report on compliance for major programs.  
**Unqualified**
- D. Internal control over compliance.
  - 1. Material weakness(es) identified?  
**No**
  - 2. Were significant deficiencies identified that were not considered to be material weaknesses?  
**No**
- E. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 or New Jersey Circular 04-04-OMB?  
**No**
- F. Identification of major programs.
 

Adjustment Aid	495-034-5120-085
Security Aid	495-034-5120-084
Special Education Categorical Aid	495-034-5120-089
Equalization Aid	495-034-5120-078

**CITY OF CORBIN CITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2011

**PART 2 - SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

None

**CITY OF CORBIN CITY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2011

**PART 3 - SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs as required by US OMB Circular A-133 and New Jersey Circular 04-04-OMB.

**FEDERAL AWARDS**

Not Applicable

**STATE FINANCIAL ASSISTANCE**

None

**CITY OF CORBIN CITY SCHOOL DISTRICT  
Summary Schedule of Prior-Year Findings and  
Questioned Costs as Prepared by Management  
For The Fiscal Year Ended June 30, 2011**

This section identifies the status of prior year findings related to the financial statements of Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, US OMB Circular A-133 State of New Jersey Circular 04-04-OMB.

**STATUS OF PRIOR YEAR FINDINGS**

**Financial Statement Findings**

None

**Federal Awards**

None

**State Financial Assistance**

None