

SCHOOL DISTRICT

OF

FAIR HAVEN



**FAIR HAVEN BOARD OF EDUCATION
FAIR HAVEN, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

FAIR HAVEN BOARD OF EDUCATION

FAIR HAVEN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**FAIR HAVEN BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 4.
Roster of Officials	5.
Consultants & Advisors	6.
Organizational Chart	7.
FINANCIAL SECTION	
Independent Auditor's Report	8 & 9.
K-1 Report on Compliance and on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10 & 11.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	12 to 18.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements	
A-1 Statement of Net Assets	19.
A-2 Statement of Activities	20 & 21.
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	22.
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	23 & 24.
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	25.
Proprietary Funds:	
B-4 Statement of Net Assets	26.
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	27.
B-6 Statement of Cash Flows	28.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	29.
B-8 Statement of Changes in Fiduciary Net Assets	30.
Notes to Financial Statements	31 to 48.

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. <u>Budgetary Comparison Schedules</u>	
C-1 Budgetary Comparison Schedule – General Fund	49 to 58.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	59.
Notes to the Required Supplementary Information	
C-3 Required Supplementary Information Budget to GAAP Reconciliation Note to RSI	60.
Other Supplementary Information	
D. <u>School Level Schedules</u>	
N/A	
E. <u>Special Revenue Fund</u>	
E-1 Combining Schedule of Revenues and Expenditures – Special Revenue Fund – Budgetary Basis	61.
E-2 Demonstrable Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
E-6 Schedule of Targeted At-Risk (TARA) Aid – Budgetary Basis	N/A
F. <u>Capital Projects Fund</u>	
F-1 Summary Schedule of Project Expenditures	62.
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	63.
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Knollwood Roof Replacement	64.
F-2b Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Sickles Elementary School – Air Conditioning Installation	65.
F-2c Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Knollwood Middle School – Air Conditioning Upgrade	66.
F-2d Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Knollwood Middle School – Additions and Alterations	67.
F-2e Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Sickles Elementary School – Alterations	68.

FAIR HAVEN SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
G. <u>Proprietary Funds</u>	
G-1 Schedule of Net Assets	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Schedule of Cash Flows	N/A
H. <u>Fiduciary Fund</u>	
H-1 Combining Schedule of Fiduciary Net Assets	69.
H-2 Combining Schedules of Changes in Fiduciary Net Assets	70.
H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements	71.
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	72.
I. <u>Long-Term Debt</u>	
I-1 Schedule of Serial Bonds	73.
I-1a Schedule of Loans Payable	74.
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	75.
STATISTICAL SECTION	
(Unaudited)	
J-1 Net Assets by Component	76.
J-2 Changes in Net Assets	77 to 79.
J-3 Fund Balances, Governmental Funds	80.
J-4 Changes in Fund Balance, Governmental Funds	81 & 82.
J-5 General Fund Other Local Revenue by Source	83.
J-6 Assessed Value and Actual Value of Taxable Property	84.
J-7 Direct and Overlapping Property Tax Rates	85.
J-8 Principal Property Taxpayers	86.
J-9 Property Tax Levies and Collections	87.
J-10 Ratios of Outstanding Debt by Type	88.
J-11 Ratios of Net General Bonded Debt Outstanding	89.
J-12 Direct and Overlapping Governmental Activities Debt	90.
J-13 Legal Debt Margin Information	91.
J-14 Demographic and Economic Statistics	92.
J-15 Principal Employers	93.
J-16 Full-Time Equivalent District Employees by Function/Program	94.
J-17 Operating Statistics	95.
J-18 School Building Information	96.
J-19 Schedule of Required Maintenance for School Facilities	97.
J-20 Insurance Schedule	98.
K-3 Schedule of Federal Financial Assistance, Schedule A	99.
K-4 Schedule of State Financial Assistance, Schedule B	100.
K-5 Notes to Schedules of Financial Statements	101 to 103.

INTRODUCTORY SECTION



KATHLEEN CRONIN
SUPERINTENDENT
(732) 747-2294

FAIR HAVEN BOARD OF EDUCATION

224 Hance Road
Fair Haven, New Jersey 07704-3198
FAX (732) 747-7441

VALERY PETRONI
BUSINESS ADMINISTRATOR
(732) 747-0324

November 21, 2011

Honorable President and
Members of the Board of Education
Fair Haven Borough Board of Education
County of Monmouth
Fair Haven, NJ

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget ('OMB') Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury 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 compliance and on internal control over financial reporting and findings and questioned costs are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Fair Haven School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Fair Haven Board of Education and its two elementary schools constitute the District's reporting entity.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1015	(.09)
2009/10	1016	2.63
2008/09	990	(1.03)
2007/08	1015	0.50
2006/07	1010	1.84
2005/06	992	1.74

2. **ECONOMIC CONDITIONS AND OUTLOOK:** Fair Haven is close to 100 percent developed no increase in tax base can be anticipated. However enrollment should continue to increase due to turn-over in homes wherein the new owner has several school-age children compared to the previous owner. Realtors continue to hold Fair Haven's educational system in high regard. Per-pupil costs remain below the state average.
3. **MAJOR INITIATIVES:** During the 2010-11 school year, the district worked to improve our communication with parents and the community at large by upgrading our district website. In addition, the district continued to increase technology by purchasing several SmartBoards, projectors, and Elmos for individual classrooms at the elementary and middle school as well as iPads for each Media Center. Training was provided to teachers in order to maximize the use of this teaching technology.

The Fair Haven School District focused staff development efforts on improving our language arts instruction at grades K-8. To this end, we employed two staff developers from Columbia Teachers College to work with teams of teachers at both schools throughout the year. These staff developers also did demonstration lessons for staff thereby following our philosophy of job-imbedded professional development.

A revised report card for grade 8 was implemented during the 2010-11 school year. The development and implementation of this standards-based report card took many hours of work on the part of the Grade Reporting Committee which included teachers, administrative staff and community members. This is the final phase of the standards-based report card implementation.

The district, in conjunction with the Fair Haven Education Foundation and the PTA, worked hard to maintain and expand the educational programs in the Fair Haven Public Schools. The PTA continued to supplement the educational program in our schools through high-quality, curriculum driven assemblies, classroom libraries and other student-centered materials. During the 2010-2011 school year, the Fair Haven Education Foundation supported a seventh grade grant-writing program whereby every student developed and submitted a grant. As a result of this initiative, the staff and students now enjoy a "virtual library" of resources housed on our district website as well as additional healthy lunch choices in our cafeteria.

The Fair Haven students scored above State averages on the State-mandated NJ ASK assessments and continue to demonstrate high performance upon entering Rumson-Fair Haven Regional High School. In addition, the Fair Haven Schools once again were one of only five districts named as a "Model District for World Language Instruction" during the 2010-11 school year.

4. **INTERNAL ACCOUNTING CONTROLS:** The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles ("GAAP") The internal control structure is designed to provide reasonable but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.
- As a recipient of federal and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulation 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 the internal control system, including reporting related to the federal and state financial assistance programs, as well as to determine that the District has complied with the applicable laws and regulations.
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, this District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amounts 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 cancelled 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 generally accepted accounting principles as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements" – Note 1.
7. **DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues include \$8,905,000 of general obligation bonds and \$129,454 of loans payable. The General Obligations Bonds which were voter approved were issued in July 1996 and 2005. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for construction of additions and renovations to both elementary schools. In April 2005, the District issued \$3,415,000 of School Refunding Bonds to refinance a portion of the July 1996 issue. In August

1993 the District issued NJEPA loans in the amount of \$650,000. The proceeds of this bond issue were placed in the District's Capital Projects fund to provide funds for reroofing, window replacement and paving repairs and both schools.

8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements"- Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUPA"). GUPA 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.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive, hazard and theft insurance on property and contents and fidelity bonds.
10. **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single audit Act of 1984 and the related OMB Circular A-133 and state treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
11. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Fairs Haven Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of this School District and thereby contributing their full support to the development and maintenance of the financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.
- Respectfully submitted,
- 
Kathleen Cronin
Superintendent
- 
Valery Petrone
Business Administrator

FAIR HAVEN BOARD OF EDUCATION**FAIR HAVEN, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2011****Members of the Board of Education**

	<u>Term Expires</u>
Mark Mancuso, President	2012
Claudia Brasch, Vice-President	2013
Elaine Lehnert	2014
Mario Venancio	2014
Cathy Alescio	2014
Katy Frissora	2012
Lynette Sheehan	2012
Jeffrey Spector	2013
Michael Bernstein	2012

Other District Officials

Kathleen Cronin, Superintendent
 Valery J. Petrone, Board Secretary/School Business Administrator
 Thomas O'Hara, Treasurer
 Anthony Sciarillo, Solicitor

FAIR HAVEN BOARD OF EDUCATION

FAIR HAVEN, NEW JERSEY

CONSULTANT AND ADVISORS

JUNE 30, 2011

AUDIT FIRM

Robert A. Hulsart and Company
Certified Public Accountants
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

ATTORNEY

Lindabury, McCormick & Estabrook
P.O. Box 2369
Westfield, New Jersey 07091-2369

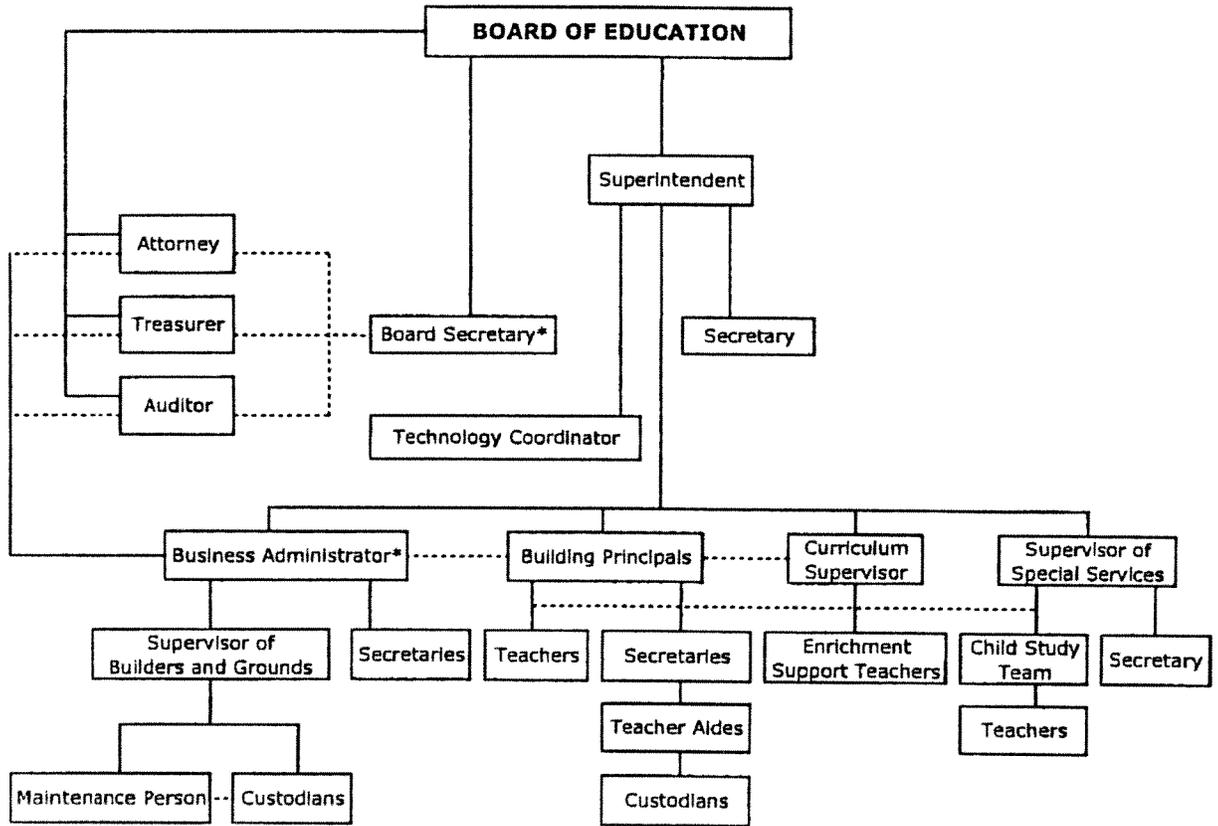
OFFICIAL DEPOSITORIES

Wells Fargo
Little Silver, New Jersey 07739

PNC Bank
Fair Haven, New Jersey 07704

Bank of America
Dallas, Texas

**FAIR HAVEN SCHOOL DISTRICT
ORGANIZATIONAL CHART**



*One position (dual responsibility)

————— Line/Staff Relationship
 Advisory/Consultive Relationship

Revised 12/99

FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

8.

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

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Fair Haven School District
County of Monmouth
Fair Haven, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fair Haven Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the Fair Haven Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 18 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fair Haven Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 21, 2011

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

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

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

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

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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

K-1

Honorable President and Members
of the Board of Education
Fair Haven School District
County of Monmouth
Fair Haven, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Fair Haven School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

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

November 21, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

FAIR HAVEN PUBLIC SCHOOL DISTRICT
BOROUGH OF FAIR HAVEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The discussion and analysis of Fair Haven Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2010-2011 fiscal year are as follows:

- General revenues accounted for \$13,536,246 in revenue or 97% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$412,797 or 3% percent to total revenues of \$13,949,043.
- Total assets of governmental activities increased by \$931,670.
- The School District had \$13,017,373 in expenses; only \$412,797 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,536,246 were adequate to provide for these programs.
- The General Fund had \$12,582,488 in revenues and \$11,962,404 in expenditures. The General Fund's balance increased \$620,084 over 2010. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2010-2011 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets comparisons of fiscal year 2011 with 2010.

	Table 1	
	Net Assets	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and Other Assets	\$ 4,252,733	3,596,379
Capital Assets, Net	<u>11,720,738</u>	<u>12,026,674</u>
Total Assets	<u>\$ 15,973,471</u>	<u>15,623,053</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 8,727,924	9,369,706
Other Liabilities	<u>2,905,569</u>	<u>2,850,762</u>
Total Liabilities	<u>\$ 11,633,493</u>	<u>12,220,468</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	\$ 2,686,284	2,411,927
Restricted	1,682,746	1,098,272
Unrestricted	<u>(29,052)</u>	<u>(107,614)</u>
Total Net Assets	<u>\$ 4,339,978</u>	<u>3,402,585</u>

Table 2 shows the changes in net assets for fiscal year 2011. Revenue and expense comparisons to fiscal year 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 123,531	57,855
Operating Grants and Contributions	350,245	296,388
General Revenues		
Property Taxes	12,568,850	12,103,017
Grants and Entitlements	945,989	1,282,495
Other	21,416	67,347
Total Revenues	<u>14,010,031</u>	<u>13,807,102</u>
<u>Program Expenses</u>		
Instruction	5,135,016	7,086,583
Support Services		
Pupils and Instructional Staff	1,559,366	1,553,182
General Administration, School Administration, Business	4,006,073	2,504,694
Operations and Maintenance of Facilities	1,489,573	1,356,341
Pupil Transportation	83,950	187,110
Interest on Debt	437,459	503,622
Food Service	55,265	60,835
Unallocated Depreciation	305,936	405,654
Total Expenses	<u>13,072,638</u>	<u>13,658,021</u>
Adjustment for Transfers	_____	<u>(158,854)</u>
Increase in Net Assets	<u>\$ 937,393</u>	<u>(9,773)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 90% percent of revenues for governmental activities for the Fair Haven Public School District for fiscal year 2011. The District's total revenues were \$13,949,043 for the fiscal year ended June 30, 2011. Federal, state, local grants and other local revenues accounted for another 10%.

Business-Type Activities

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

- Food service revenues exceeded expenses by \$5,714.
- Charges for services represent \$53,880 of revenue. This represents amount paid by patrons for daily food services.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$4,339,978. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

The School Board' Funds (Continued)

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

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

The General Fund finished the fiscal year approximately \$46,148 generated less than had been budgeted in terms of expenditures. Revenue-wise, the General Fund generated \$810,449 more than expected.

The excesses will be carried forward into the beginning fund balance for the 2011-2012 fiscal year and will be used to fund the 2012-2013 fiscal budget to the extent of \$129,911.

Capital Assets

At June 30, 2011, the School Board had approximately \$11,720.738 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2011 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2011	
Land	\$ 439,000
Land Improvements	28,750
Buildings	11,176,975
Machinery and Equipment	<u>76,013</u>
Total	<u>\$ 11,720,738</u>

Debt Administration

At June 30, 2011, the School District had \$9,329,582 in outstanding debt. Of this amount \$295,128 is for compensated absences, \$129,454 is for loans for school facilities, and the balance of \$8,905,000 is for bonds for school construction.

Economic Factors and Next Year's Budget

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

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

For the 2010-2011 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 9% of the School Board's general fund revenue is from State and Federal Aid, 90% of total revenue is from local tax levy, 1% is from miscellaneous revenue, which among other things includes interest on deposits and tuitions.

The \$(45,136) of unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(45,136).

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

The School Board anticipates a slight increase in enrollment for the 2011-2012 fiscal year. The School Board cannot accurately forecast future enrollment, but most Districts in Monmouth County are facing increased enrollments.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Valery Petrone, School Business Administrator/Board Secretary at Fair Haven Board of Education, 224 Hance Road, Fair Haven, NJ 07704.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	16,886	16,886
Receivables, Net	2,571,487	1,885	2,573,372
Restricted Assets:			
Cash and Cash Equivalents	1,638,693		1,638,693
Capital Reserve Account - Cash	23,782		23,782
Capital Assets, Net	<u>11,720,738</u>		<u>11,720,738</u>
Total Assets	<u>15,954,700</u>	<u>18,771</u>	<u>15,973,471</u>
<u>Liabilities</u>			
Deferred Revenue	15,119		15,119
Accounts Payable	68,268	2,687	70,955
Temporary Notes Payable	2,217,837		2,217,837
Noncurrent Liabilities:			
Due Within One Year	601,658		601,658
Due Beyond One Year	8,727,924		8,727,924
Total Liabilities	<u>11,630,806</u>	<u>2,687</u>	<u>11,633,493</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	2,686,284		2,686,284
Restricted For:			
Debt Service	17,302		17,302
Capital Projects	361,197		361,197
Other Purposes	1,304,247		1,304,247
Unrestricted	<u>(45,136)</u>	<u>16,084</u>	<u>(29,052)</u>
Total Net Assets	<u>\$ 4,323,894</u>	<u>16,084</u>	<u>4,339,978</u>

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 3,902,064	69,651		(3,832,413)		(3,832,413)
Special Education	1,188,594		144,766	(1,043,828)		(1,043,828)
Other Instruction	44,358			(44,358)		(44,358)
Support Services:						
Tuition	204			(204)		(204)
Student & Instruction Related Services	1,559,162		193,499	(1,365,663)		(1,365,663)
School Administrative Services	338,806			(338,806)		(338,806)
General and Business Administrative Services	660,759			(660,759)		(660,759)
Plant Operations and Maintenance	1,489,573			(1,489,573)		(1,489,573)
Pupil Transportation	83,950			(83,950)		(83,950)
Unallocated Employee Benefits	3,006,508		4,881	(3,001,627)		(3,001,627)
Unallocated Depreciation	305,936			(305,936)		(305,936)
Interest on Long-Term Debt	437,459			(437,459)		(437,459)
Total Government Activities	<u>13,017,373</u>	<u>69,651</u>	<u>343,146</u>	<u>(12,604,576)</u>	<u>-</u>	<u>(12,604,576)</u>
Business-Type Activities:						
Food Service	55,265	53,880	7,099		5,714	5,714
Total Business-Type Activities	<u>55,265</u>	<u>53,880</u>	<u>7,099</u>	<u>-</u>	<u>5,714</u>	<u>5,714</u>
Total Primary Government	<u>13,072,638</u>	<u>123,531</u>	<u>350,245</u>	<u>(12,604,576)</u>	<u>5,714</u>	<u>(12,598,862)</u>

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net			11,553,119			11,553,119
Taxes Levied for Debt Service			1,015,731			1,015,731
Federal and State Aid Not Restricted			945,989			945,989
Investment Earnings and Miscellaneous Income			21,407		9	21,416
Total General Revenues, Special Items, Extraordinary Items and Transfers			13,536,246		9	13,536,255
Change in Net Assets			931,670		5,723	937,393
Net Assets - Beginning			3,392,224		10,361	3,402,585
Net Assets - Ending	\$ -		4,323,894		16,084	4,339,978

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	General Fund	Special Revenue Fund	Capitol Projects	Debt Service Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 1,277,739		367,434	17,302	1,662,475
Interfund Receivable	300,569				300,569
Receivables From Other Governments	24,473	40,446	2,506,568	-	2,571,487
Total Assets	<u>\$ 1,602,781</u>	<u>40,446</u>	<u>2,874,002</u>	<u>17,302</u>	<u>4,534,531</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 48,542	19,726			68,268
Deferred Revenue		15,119			15,119
Temporary Notes Payable			2,217,837		2,217,837
Interfund Payable		5,601	294,968	-	300,569
Total Liabilities	<u>48,542</u>	<u>40,446</u>	<u>2,512,805</u>	<u>-</u>	<u>2,601,793</u>
Fund Balance:					
Restricted For:					
Emergency Reserve	250,000				250,000
Designated for Subsequent Years Expenditures-					
Excess Surplus	201,614				201,614
Excess Surplus	128,911				128,911
Maintenance Reserve	621,005				621,005
Capital Reserve Account	23,782				23,782
Committed To:					
Other Purposes	78,935				78,935
Unassigned:					
Debt Service				17,302	17,302
Capital Projects			361,197		361,197
General Fund	249,992				249,992
Total Fund Balances	<u>1,554,239</u>	<u>-</u>	<u>361,197</u>	<u>17,302</u>	<u>1,932,738</u>
Total Liabilities and Fund Balance	<u>\$ 1,602,781</u>	<u>40,446</u>	<u>2,874,002</u>	<u>17,302</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,909,919 and the accumulated depreciation is \$5,188,453.

11,720,738

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(9,329,582)

Net assets of governmental activities

\$ 4,323,894

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

FAIR HAVEN SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Local Sources:					
Local Tax Levy	\$11,553,119			1,015,731	12,568,850
Tuition Charges	69,651				69,651
Miscellaneous	15,752	4,881		5,655	26,288
Total Local Sources	<u>11,638,522</u>	<u>4,881</u>	<u>-</u>	<u>1,021,386</u>	<u>12,664,789</u>
State Sources	943,966			2,023	945,989
Federal Sources		338,265			338,265
Total Revenues	<u>12,582,488</u>	<u>343,146</u>	<u>-</u>	<u>1,023,409</u>	<u>13,949,043</u>
Expenditures					
Current:					
Regular Instruction	3,902,064				3,902,064
Special Education Instruction	1,043,828	144,766			1,188,594
Other Instruction	44,358				44,358
Support Services and Undistributed Costs:					
Tuition	204				204
Student and Instruction Related Services	1,349,042	193,499			1,542,541
School Administrative Services	338,806				338,806
General and Business Administrative Services	660,759				660,759
Plant Operations and Maintenance	1,489,573				1,489,573
Pupil Transportation	83,950				83,950
Unallocated Benefits	3,038,080				3,038,080
Debt Service:					
Principal				580,293	580,293
Interest and Other Charges				437,459	437,459
Capital Outlay	11,740	4,881			16,621
Total Expenditures	<u>11,962,404</u>	<u>343,146</u>	<u>-</u>	<u>1,017,752</u>	<u>13,323,302</u>

FAIR HAVEN SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	620,084	-	-	5,657	625,741
Net Change in Fund Balances	620,084	-	-	5,657	625,741
Fund Balance - July 1	934,155	-	361,197	11,645	1,306,997
Fund Balance - June 30	<u>\$ 1,554,239</u>	<u>-</u>	<u>361,197</u>	<u>17,302</u>	<u>1,932,738</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 625,741
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(305,936)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
	580,293
Compensated Absences and Other Liabilities	<u>31,572</u>
Change in Net Assets of Governmental Activities	<u>\$ 931,670</u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 16,886
Accounts Receivable:	
State	134
Federal	1,096
Miscellaneous	655
Total Current Assets	<u>18,771</u>
Total Assets	<u>\$ 18,771</u>
<u>Liabilities</u>	
Current Liabilities	
Accounts Payable	<u>\$ 2,687</u>
Total Liabilities	<u>\$ 2,687</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ 16,084</u>
Total Net Assets	<u>\$ 16,084</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 46,752
Daily Sales Non-Reimbursable Programs	7,128
Total Operating Revenue	<u>53,880</u>
Operating Expenses:	
Cost of Food	54,040
Miscellaneous	1,225
Total Operating Expenses	<u>55,265</u>
Operating (Loss)/Profit	(1,385)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	681
Federal Sources:	
National School Lunch Program	6,418
Interest Revenue	9
Total Non-Operating Revenues	<u>7,108</u>
Change in Net Assets	5,723
Net Assets, July 1	<u>10,361</u>
Net Assets, June 30	<u>\$ 16,084</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 53,880
Payments to Suppliers	(52,051)
Net Cash Used by Operating Activities	<u>1,829</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	681
Federal Sources	6,418
Net Cash Provided by Noncapital Financing Activities	<u>7,099</u>
Cash Flows from Investing Activities:	
Interest	<u>9</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	8,937
Cash and Cash Equivalents July 1	<u>7,949</u>
Cash and Cash Equivalents June 30	<u>\$ 16,886</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (1,385)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	2,521
(Increase)/Decrease in Accounts Receivable	693
Net Cash Used by Operating Activities	<u>\$ 1,829</u>

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

STATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
Assets:		
Cash and Cash Equivalents	\$ 17,410	156,716
Total Assets	<u>\$ 17,410</u>	<u>156,716</u>
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 17,410</u>	<u>156,716</u>
Total Net Assets	<u>\$ 17,410</u>	<u>156,716</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
<u>Additions</u>		
Contributions	\$ -	17,613
Total Contributions	<u>-</u>	<u>17,613</u>
Investment Earnings:		
Interest	25	46
Net Investments Earnings	<u>25</u>	<u>46</u>
Total Additions	<u>25</u>	<u>17,659</u>
<u>Deductions</u>		
Scholarship Payments	753	-
Unemployment Claims	-	50,804
Total Deductions	<u>753</u>	<u>50,804</u>
Change in Net Assets	(728)	(33,145)
Net Assets - Beginning of Year	<u>18,138</u>	<u>189,861</u>
Net Assets - End of the Year	<u>\$ 17,410</u>	<u>156,716</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
FAIR HAVEN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Fair Haven School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Fair Haven School District had an approximate enrollment at June 30, 2011 of 1,038 students.

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

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

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance and the following scholarship funds:

Charles E. Howard Scholarship Fund
Viola L. Sickles Memorial Fund
Michael R. Mekenian Science Awards
World Language Award
Dr. Patricia B. Campbell Art Award

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school 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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

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

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

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

G. 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. Accumulated depreciation for fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Capital Assets and Depreciation (Continued)

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 439,000	_____	_____	439,000
Total Capital Assets Not Being Depreciated	<u>439,000</u>	_____	_____	<u>439,000</u>
Building and Building Site Improvements	178,345			178,345
Buildings & Improvements	14,496,682			14,496,682
Machinery & Equipment	<u>1,795,164</u>	_____	_____	<u>1,795,164</u>
Totals at Historical Cost	<u>16,470,191</u>	_____	_____	<u>16,470,191</u>
Less: Accumulated Depreciation for				
Site Improvements	(141,433)	(8,162)		(149,595)
Buildings and Improvements	(3,033,037)	(286,670)		(3,319,707)
Machinery & Equipment	<u>(1,708,047)</u>	<u>(11,104)</u>	_____	<u>(1,719,151)</u>
Total Accumulated Depreciation	<u>(4,882,517)</u>	<u>(305,936)</u>	_____	<u>(5,188,453)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>11,587,674</u>	<u>(305,936)</u>	_____	<u>11,281,738</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,026,674</u>	<u>(305,936)</u>	_____	<u>11,720,738</u>

*Depreciation expense was charged to governmental functions as follows:

 Unallocated

\$ 305,936

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

L. Compensated Absences

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

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

O. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

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

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Q. Tuition Payable

Tuition charges for the fiscal year 2010-2011 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 2: Cash and Cash Equivalents and Investments

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

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

NOTE 2: Cash and Cash Equivalents and Investments**Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

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

As of June 30, 2011, the District's deposits and investments are summarized as follows:

FDIC	\$ 200,000
GUPDA	<u>2,461,885</u>
	<u>\$ 2,661,885</u>

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$1,879,714</u>
Total	<u>\$1,879,714</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2011 was \$1,879,714 and the bank balance was \$2,661,885. Of the bank balance \$200,000 was covered by federal depository insurance and \$2,461,885 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Long-Term</u> <u>Portion</u>	<u>2010-11</u> <u>Payment</u>
Compensated Absences Payable	\$ 326,700		31,572	295,128	295,128	-
Loans Payable	169,747		40,293	129,454	87,796	41,658
Bonds Payable	<u>9,445,000</u>		<u>540,000</u>	<u>8,905,000</u>	<u>8,345,000</u>	<u>560,000</u>
	<u>\$ 9,941,447</u>		<u>611,865</u>	<u>9,329,582</u>	<u>8,727,924</u>	<u>601,658</u>

A. Loans Payable

The Board has two loan program, a low-interest facilities program loan issued on August 18, 1993, and a small project program loan, also issued on August 18, 1993. The interest rates are 1.500% and 5.288%, respectively, and both loans are payable through July 13, 2013. These loans were issued by the New Jersey Economic Development Authority.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 41,658	4,934	46,592
2013	43,127	3,016	46,143
2014	<u>44,669</u>	<u>1,019</u>	<u>45,688</u>
	<u>\$ 129,454</u>	<u>8,969</u>	<u>138,423</u>

B. Bonds Payable

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 560,000	366,305	926,305
2013	580,000	345,130	925,130
2014	605,000	322,434	927,434
2015	630,000	296,087	926,087
2016	660,000	268,112	928,112
2017-2021	2,040,000	1,038,637	3,078,637
2022-2026	2,075,000	643,663	2,718,663
2027-2030	<u>1,755,000</u>	<u>186,788</u>	<u>1,941,788</u>
	<u>\$ 8,905,000</u>	<u>3,467,156</u>	<u>12,372,156</u>

Bonds issued 4/15/2005 for \$3,415,000 at interest from 3.25% to 5.00% maturing 7/15/2017 with a balance of \$2,120,000 at June 30, 2011.

Bonds issued 6/15/2005 for \$8,140,000 at interest of 4.25% maturing 6/1/2030 with a balance of \$6,785,000 at June 30, 2011.

NOTE 4: Pension Plans

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

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

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

NOTE 4: Pension Plans (Continued)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/11	\$ 0	100%	0
6/30/10	0	100%	0
6/30/09	126,899	100%	0

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

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/11	\$ 403,435	100%	0
6/30/10	386,764	100%	0
6/30/09	370,900	100%	0

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$403,435 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$419,603 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 6: Contingent Liabilities

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

NOTE 7: Equity Balance

At June 30, 2011, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Maintenance Reserve	\$ 621,005
Emergency Reserve	250,000
Capital Reserve	23,782
Excess Surplus – Designated for Subsequent Year's	
Expenditures	201,614
Excess Surplus	129,911
Committed Fund Balance:	
Year End Encumbrances	78,935
Unassigned Fund Balance	<u>252,849</u>
	 \$ 1,558,096

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2011-2012 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

NOTE 7: Equity Balance (Continued)**2% Calculation of Excess Surplus**

2010-11 Total General Fund Expenditures Per the CAFR	\$ 11,968,696
Decreased by:	
On-Behalf TPAF Pension and Social Security	(814,057)
Adjusted 10-11 General Fund Expenditures	<u>\$ 11,154,639</u>
2% of Adjusted 2010-11 General Fund Expenditures	<u>\$ 223,093</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>2,849</u>
Maximum Unassigned Fund Balance	<u>\$ 252,849</u>

Section 2

Total General Fund – Fund Balance @ 6-30-11	\$ 1,558,096
Decreased by:	
Year-End Encumbrances	(78,935)
Legally Restricted - Designated for Subsequent Years Expenditures	(201,614)
Other Restricted Fund Balances	<u>(894,787)</u>
Total Unassigned Fund Balance	<u>\$ 382,760</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 129,911</u>

Section 3

Reserved Fund Balance - Excess Surplus Designated for Subsequent Expenditures	\$ 201,614
Excess Surplus	<u>129,911</u>
	<u>\$ 331,525</u>

Detail of Allowable Adjustment

Non-Public Transportation Aid	<u>\$ 2,849</u>
-------------------------------	-----------------

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 621,005
Emergency Reserve	250,000
Capital Reserve	<u>23,782</u>
Total Other Restricted Fund Balance	<u>\$ 894,787</u>

NOTE 8: Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2008-2009	1,970	16,919	19,833	209,634
2009-2010	361	18,293	38,427	189,861
2010-2011	46	17,613	50,804	156,716

NOTE 9: Interfund Receivables and Payables

There were interfund balances on the balance sheet at June 30, 2011 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	300,569
Special Revenue Fund	5,601	
Capital Projects	<u>294,968</u>	_____
	<u>\$ 300,569</u>	<u>300,569</u>

NOTE 10: Capital Reserve Account

A Capital Reserve account was established by the Borough of Fair Haven Board of Education by inclusion of \$100 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 10: Capital Reserve Account (Continued)

During the fiscal year ended June 30, 2011, the District had actual interest earnings of \$15.

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

Beginning Balance, July 1, 2010	\$ 23,767
Interest Earnings	<u>15</u>
Ending Balance, June 30, 2011	<u>\$ 23,782</u>

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)).

“Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations.” (N.J.A.C. 6:23A-5.1(j)).

NOTE 11: Fair Values of Financial Instruments

The following methods and assumptions were used by the Fair Haven Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 12: Fund Balance Appropriated

General Fund – Of the \$1,558,096 General Fund fund balance at June 30, 2011, \$78,935 is reserve for encumbrances; \$621,005 is reserved for maintenance; \$201,614 is excess surplus designated for subsequent years expenditures in the 2011-2012 budget; \$23,782 has been reserved in the Capital Reserve Account; \$129,911 is reserved excess surplus; and \$252,849 is unreserved and undesignated.

Debt Service Fund – The Debt Service Fund fund balance at June 30, 2011 of \$17,302 is designated for subsequent year’s expenditures.

NOTE 13: Economic Dependency

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

NOTE 14: Significant Accounting Pronouncements

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

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through November 21, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

FAIR HAVEN 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
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,553,119		11,553,119	11,553,119	-
Tuition	57,000		57,000	69,651	12,651
Interest Earned on Investments	15		15		(15)
Miscellaneous	5,000		5,000	15,752	10,752
Total Local Sources	<u>11,615,134</u>	<u>-</u>	<u>11,615,134</u>	<u>11,638,522</u>	<u>23,388</u>
State Sources:					
Special Education Aid	64,314		64,314	64,314	-
Extraordinary Aid	29,845		29,845		(29,845)
Other State Aid- Non Public Trans				2,849	2,849
TPAF Pension (On Behalf-Non-Budgeted)			-	403,435	403,435
TPAF Social Security (Reimbursed - Non-Budgeted)				410,622	410,622
Total State Sources	<u>94,159</u>	<u>-</u>	<u>94,159</u>	<u>881,220</u>	<u>787,061</u>
Total Revenues	<u>11,709,293</u>	<u>-</u>	<u>11,709,293</u>	<u>12,519,742</u>	<u>810,449</u>

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Expenditures:</u>	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	183,527	(9,695)	173,852	173,838	14
Grades 1-5 - Salaries of Teachers	2,068,132	92,851	2,160,983	2,160,961	22
Grades 6-8 - Salaries of Teachers	1,541,702	(110,751)	1,430,951	1,286,649	144,302
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	27,650	17,525	45,175	45,142	33
Purchased Technical Services	30,000	(5,575)	24,425	22,421	2,004
General Supplies	163,580	26,472	190,052	186,533	3,519
Textbooks	38,400	(3,050)	35,350	19,870	15,480
Other Objects	11,250	10,875	22,125		22,125
Regular Programs - Home Instruction: Salaries of Teachers	7,000		7,000	6,650	350
Total Regular Programs - Instruction	<u>4,071,241</u>	<u>18,652</u>	<u>4,089,913</u>	<u>3,902,064</u>	<u>187,849</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	93,068	37,010	130,078	129,514	564
Other Salaries for Instruction	55,022	(710)	54,312	41,992	12,320
General Supplies	1,150		1,150	1,004	146
Total Learning and/or Language Disabilities	<u>149,240</u>	<u>36,300</u>	<u>185,540</u>	<u>172,510</u>	<u>13,030</u>
Resource Room/Resource Center:					
Salaries of Teachers	716,142	(39,000)	677,142	634,638	42,504
General Supplies	6,650		6,650	6,150	500
Total Resource Room/Resource Center	<u>722,792</u>	<u>(39,000)</u>	<u>683,792</u>	<u>640,788</u>	<u>43,004</u>

FAIR HAVEN SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Pre-School Disabilities - Part Time					
Salaries of Teachers	63,175	(4,705)	58,470	34,972	23,498
Other Salaries for Instruction	131,920	18,555	150,475	145,064	5,411
Purchased Professional Educational Services	43,250	5,650	48,900	48,586	314
General Supplies	2,125		2,125	1,908	217
Total Pre-School Handicapped	<u>240,470</u>	<u>19,500</u>	<u>259,970</u>	<u>230,530</u>	<u>29,440</u>
Total Special Education - Instruction	<u>1,112,502</u>	<u>16,800</u>	<u>1,129,302</u>	<u>1,043,828</u>	<u>85,474</u>
Bilingual Education					
Salaries of Teachers	1,500		1,500		1,500
Total Basic Skills/Remedial - Instruction	<u>1,500</u>		<u>1,500</u>	-	<u>1,500</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	33,000		33,000	24,046	8,954
Supplies and Materials	1,275		1,275	744	531
Other Objects	100		100		100
Total School Sponsored Co-Curricular	<u>34,375</u>	-	<u>34,375</u>	<u>24,790</u>	<u>9,585</u>
School Sponsored Athletics - Instruction:					
Salaries	25,670		25,670	19,568	6,102
Supplies and Materials	6,000		6,000		6,000
Other Objects	2,000		2,000		2,000
Total School Sponsored Athletics - Instruction	<u>33,670</u>	-	<u>33,670</u>	<u>19,568</u>	<u>14,102</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Instruction	5,253,288	35,452	5,288,760	4,990,250	298,510
Undistributed Expenditures-Instruction:					
Tuition to Private School for Handicapped within State		85	85	84	1
Tuition-Other	750		750	120	630
Total Undistributed Expenditures-Instruction	750	85	835	204	631
Undistributed Expenditures-Health:					
Salaries	153,110	(2,375)	150,735	141,119	9,616
Purchased Professional and Technical Services	7,000	775	7,775	7,774	1
Supplies and Materials	2,400		2,400	2,300	100
Total Undistributed Expenditures-Health:	162,510	(1,600)	160,910	151,193	9,717
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.:					
Salaries of Teachers	197,090	(3,050)	194,040	193,506	534
Purchased Professional Educational Services	58,425	(6,600)	51,825	36,847	14,978
Supplies and Materials	2,230		2,230	2,230	-
Total Undistributed Expenditures-Other Sup. Serv.	257,745	(9,650)	248,095	232,583	15,512
Students-Related Serv.					
Undistributed Expenditures-Other Supp. Serv.					
Students-Extra. Serv.	200,045		200,045	190,644	9,401
Salaries					

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Other Supp. Serv.					
Students - Reg.:					
Salaries of Other Professional Staff	93,620	(10,000)	83,620	80,433	3,187
Supplies and Materials		150	150	100	50
Total Undistributed Expenditures-Other Supp. Serv.	<u>93,620</u>	<u>(9,850)</u>	<u>83,770</u>	<u>80,533</u>	<u>3,237</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	197,504	(21,600)	175,904	173,712	2,192
Salaries of Secretarial and Clerical Assts.	23,550	13,000	36,550	36,546	4
Other Purchased Professional Services	6,500		6,500	5,030	1,470
Miscellaneous Purchased Services	2,000	(175)	1,825	1,001	824
Supplies and Materials	3,000	10,450	13,450	13,440	10
Other Objects	1,500	1,175	2,675	2,599	76
Total Undistributed Expenditures-Other Sup. Serv.	<u>234,054</u>	<u>2,850</u>	<u>236,904</u>	<u>232,328</u>	<u>4,576</u>
Students-Spec. Serv.					
Undistributed Expenditures-Impvt of Inst. Serv.					
Salaries of Supervisors of Instruction	167,500	(4,950)	162,550	160,660	1,890
Salaries of other Professional Staff	16,750	2,000	18,750	17,903	847
Other Purchased Services	1,500		1,500		1,500
Supplies and Materials	1,750		1,750	1,008	742
Other Objects	1,025		1,025	800	225
Total Undistributed Expenditures-Impvt. of Inst. Serv.	<u>188,525</u>	<u>(2,950)</u>	<u>185,575</u>	<u>180,371</u>	<u>5,204</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	103,902	4,850	108,752	108,721	31
Salaries of Technology Coordinators	84,016	(1,900)	82,116	82,097	19
Purchased Professional and Technical Services	44,800	(9,700)	35,100	34,890	210
Supplies and Materials	27,800	18,625	46,425	40,338	6,087
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>260,518</u>	<u>11,875</u>	<u>272,393</u>	<u>266,046</u>	<u>6,347</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Salaries of Other Professional Staff	500		500		500
Purchased Professional-Educational Services	21,250		21,250	7,872	13,378
Other Purchased Services	20,000	(3,600)	16,400	7,472	8,928
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>41,750</u>	<u>(3,600)</u>	<u>38,150</u>	<u>15,344</u>	<u>22,806</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	226,725	(370)	226,355	217,422	8,933
Legal Services	42,000	2,150	44,150	44,141	9
Audit Fees	13,347	(2,880)	10,467	9,000	1,467
Other Purchased Professional Services	7,500		7,500	4,648	2,852
Communications/Telephone	37,550	(80)	37,470	20,850	16,620
Other Purchased Services (400-500 Series)	26,025	(3,520)	22,505	21,164	1,341
Supplies and Materials	5,000	(75)	4,925	4,912	13
BOE Supplies	250	75	325	290	35
BOE Dues and Fees	9,100		9,100	8,197	903
Miscellaneous Expenditures	9,000		9,000	8,182	818
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>376,497</u>	<u>(4,700)</u>	<u>371,797</u>	<u>338,806</u>	<u>32,991</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	222,075	(5,970)	216,105	216,100	5
Salaries of Secretarial/Clerical Assistants	153,075	(2,755)	150,320	143,970	6,350
Other Purchased Services	3,800		3,800	1,167	2,633
Supplies and Materials	9,000	5,791	14,791	14,764	27
Other Objects	3,150	(550)	2,600	1,815	785
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>391,100</u>	<u>(3,484)</u>	<u>387,616</u>	<u>377,816</u>	<u>9,800</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Salaries	91,456	(2,200)	89,256	89,156	100
Cleaning, Repair and Maintenance Services	173,000	124,375	297,375	276,789	20,586
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>264,456</u>	<u>122,175</u>	<u>386,631</u>	<u>365,945</u>	<u>20,686</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	472,435	7,300	479,735	479,671	64
Cleaning, Repair and Maintenance Services	88,000	42,279	130,279	126,416	3,863
Purchased Professional And Technical Services	57,000	(2,650)	54,350	54,317	33
Other Purchased Property Services	67,000	5,295	72,295	72,272	23
Insurance	60,690	(2,340)	58,350	58,309	41
Misc. Purchased Services	25,998	(19,470)	6,528	3,348	3,180
General Supplies	36,000	15,808	51,808	51,804	4
Energy (Energy & Electricity)	252,000	53,710	305,710	256,898	48,812
Energy-Natural Gas	175,000	(175,000)	-		-
Other Objects	2,500	(750)	1,750	1,749	1
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	<u>1,236,623</u>	<u>(75,818)</u>	<u>1,160,805</u>	<u>1,104,784</u>	<u>56,021</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Security:					
Salaries	22,050		22,050	18,844	3,206
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	1,523,129	46,357	1,569,486	1,489,573	79,913
Undistributed Expenditures - Student Transportation Serv:					
Sal. for Pupil Trans. (Bet. Home and School) Reg	8,000	12,350	20,350	18,520	1,830
Contr. Serv. (Sp.Ed Stds)-Joint Agreements	57,000	(15,500)	41,500	41,222	278
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	30,000	(100)	29,900	17,136	12,764
Contr. Serv. Aid in Lieu	8,840	(750)	8,090	7,072	1,018
Total Undistributed Expenditures - Student Transportation Serv.	103,840	(4,000)	99,840	83,950	15,890
Undistributed Expenditures - Central Services Support Serv.:					
Salaries	242,788	(10,500)	232,288	232,221	67
Purchased Professional Services	30,723	(2,510)	28,213	28,112	101
Other Purchased Services	14,250	360	14,610	11,489	3,121
Supplies and Materials	5,500	4,356	9,856	9,854	2
Other Objects	1,300		1,300	1,267	33
Total Undistributed Expenditures - Business and Other Support Serv.	294,561	(8,294)	286,267	282,943	3,324
Regular Programs-Instruction-Employee Benefits					
Health Benefits	1,693,399	(1,693,399)	-	-	-
Tuition Reimbursement	10,000	(10,000)	-	-	-
Other Employee Benefits	51,000	(51,000)	-	-	-
Total Regular Programs-Instruction-Employee Benefits	1,754,399	(1,754,399)	-	-	-

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services-Gen'l Adm.-Employee Benefits	88,550	(88,550)	-	-	-
Health Benefits	88,550	(88,550)	-	-	-
Total Support Services-Gen'l Adm.-Employee Benefits					
Unallocated Benefits:					
Social Security Contributions	302,080		302,080	272,248	29,832
Workmen's Compensation	86,100	1,180	87,280	79,548	7,732
Health Benefits	294,925	1,777,029	2,071,954	1,872,227	199,727
Total Unallocated Benefits	683,105	1,778,209	2,461,314	2,224,023	237,291
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	403,435	(403,435)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	410,622	(410,622)
Total On-Behalf Contributions	-	-	-	814,057	(814,057)
Total Undistributed Expenditures	6,654,698	(51,701)	6,602,997	6,960,414	(357,417)
Total Current Expense	11,907,986	(16,249)	11,891,737	11,950,664	(58,907)
Capital Outlay:					
Undistributed Expenditures:					
Equipment Grades 1-5		2,800	2,800	2,785	8,385
Equipment Grades 6-8		5,500	5,500	2,750	13,750
Equipment-Maintenance of Plant		38,350	38,350	6,205	82,905
Increase in Capital Reserve	15		15		15
Total Capital Outlay	15	46,650	46,665	11,740	105,055
Total Expenditures	11,908,001	30,401	11,938,422	11,962,404	46,148

FAIR HAVEN SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(198,708)	(30,401)	(229,129)	557,338	856,597
Fund Balance July 1	1,000,758		1,000,758	1,000,758	
Fund Balance June 30	\$ 802,050	(30,401)	771,629	1,558,096	856,597
Restricted Fund Balance:					
Capital Reserve				\$ 23,782	
Maintenance Reserve				621,005	
Emergency Reserve				250,000	
Excess Surplus				129,911	
Excess Surplus - Designated for Subsequent Years Expenditures				201,614	
Assigned Fund Balance:					
Year End Encumbrances				78,935	
Unassigned Fund Balance				252,849	
				<u>1,558,096</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				(3,857)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,554,239	

FAIR HAVEN SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ 214,146	129,000	343,146	343,146	-
Total Revenues	\$ 214,146	129,000	343,146	343,146	-
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 80,000	8,004	88,004	88,004	
Tuition	40,000	2,000	42,000	42,000	
General Supplies	10,000	4,762	14,762	14,762	
Total Instruction	130,000	14,766	144,766	144,766	-
Support Services:					
Salaries of Other Professional Staff	70,000	30,000	100,000	100,000	-
Personal Services - Employee Benefits	9,500	36,133	45,633	45,633	
Purchased Professional Educational Services	2,146	22,446	24,592	24,592	
Other Purchased Services	2,000	21,274	23,274	23,274	
Total Support Services	83,646	109,853	193,499	193,499	-
Facilities Acquisition and Construction Services:					
Instructional Equipment	500	4,381	4,881	4,881	
Total Expenditures	\$ 214,146	129,000	343,146	343,146	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 12,519,742	343,146
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	66,603	15,000
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,857)</u>	<u>(15,000)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 12,582,488</u></u>	<u><u>343,146</u></u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,962,404	343,146
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 11,962,404</u></u>	<u><u>343,146</u></u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

FAIR HAVEN SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Gross Foundation</u>	<u>Title IIIA</u>	<u>A.R.R.A. I.D.E.A. Part B Pre-School</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>A.R.R.A. I.D.E.A. Part B Basic</u>	<u>Totals June 30, 2011</u>
Revenues:							
Local Sources	\$ 4,881	21,028	3,564	193,118	7,299	113,256	4,881 338,265
Federal Sources							
Total Revenue	\$ 4,881	21,028	3,564	193,118	7,299	113,256	343,146
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	-		42,000	5,000	83,004	88,004
Tuition				13,204	1,558		42,000
General Supplies				55,204	6,558		14,762
Total Instruction	-	-	-	110,408	12,516	83,004	144,766
Support Services:							
Salaries of Other Professional Staff				100,000			100,000
Personal Services - Employee Benefits				14,640	741	30,252	45,633
Purchased Professional Educational Services		21,028	3,564	23,274			24,592
Other Purchased Services				137,914	741	30,252	23,274
Total Support Services	-	21,028	3,564	175,828	1,482	60,504	193,499
Facilities Acquisition and Construction Services:							
Instructional Equipment	4,881						4,881
Total Expenditures	\$ 4,881	21,028	3,564	193,118	7,299	113,256	343,146

CAPITAL PROJECTS FUND – F

FAIR HAVEN SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2011

<u>Issue/Project Title</u>	<u>Date Approved</u>	<u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Unexpended Balance</u>
Knollwood Roof Replacement	1/6/2004	\$ 91,210	75,261		15,949
Sickles Air Conditioning Installation	2/16/2005	305,208	296,872		8,336
Knollwood Air Conditioning Upgrade	2/16/2005	1,117,195	1,068,541		48,654
Knollwood Additions and Alterations	2/16/2005	6,890,171	6,639,896		250,275
Sickles Alterations	2/16/2005	4,040,703	4,002,520		38,183
		<u>\$ 12,444,487</u>	<u>12,083,090</u>	<u>-</u>	<u>361,397</u>

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISKNOLLWOOD ROOF REPLACEMENTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 36,484		36,484	36,484
Bond Proceeds and Transfers	54,726		54,726	54,726
Total Revenues	<u>91,210</u>	<u>-</u>	<u>91,210</u>	<u>91,210</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	2,245		2,245	3,000
Construction Services	73,016		73,016	88,210
Total Expenditures	<u>75,261</u>	<u>-</u>	<u>75,261</u>	<u>91,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 15,949</u>	<u>-</u>	<u>15,949</u>	<u>-</u>

Additional Project Information

Project Number	1440-050-03-1231
Grant Date	1/6/2004
Original Authorized Cost	\$ 91,210
Additional Authorized Cost	-
Revised Authorized Cost	\$ 91,210
Percentage Completion	82.73%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2006

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT

BALANCE, AND PROJECT STATUS - BUDGETARY BASIS

SICKLES ELEMENTARY SCHOOL-AIR CONDITIONING INSTALLATION

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 122,083		122,083	122,083
Bond Proceeds and Transfers	183,125		183,125	183,125
Total Revenues	<u>305,208</u>	<u>-</u>	<u>305,208</u>	<u>305,208</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	23,693		23,693	25,240
Construction Services	273,179		273,179	279,968
Total Expenditures	<u>296,872</u>	<u>-</u>	<u>296,872</u>	<u>305,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 8,336</u>	<u>-</u>	<u>8,336</u>	<u>-</u>

Additional Project Information

Project Number	1440-060-05-2000
Grant Date	2/16/2005
Bond Authorization Date	3/8/2005
Bonds Authorized	\$ 183,125
Bonds Issued	\$ 183,125
Original Authorized Cost	\$ 305,208
Additional Authorized Cost	-
Revised Authorized Cost	\$ 305,208
Percentage Completion	100%
Original Target Completion Date	9/1/2006
Revised Target Completion Date	9/1/2008

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT

BALANCE, AND PROJECT STATUS - BUDGETARY BASIS

KNOLLWOOD MIDDLE SCHOOL-AIR CONDITIONING UPGRADE

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 446,878		446,878	446,878
Bond Proceeds and Transfers	670,317		670,317	670,317
Total Revenues	<u>1,117,195</u>	<u>-</u>	<u>1,117,195</u>	<u>1,117,195</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	68,727		68,727	74,517
Construction Services	999,814		999,814	1,042,678
Total Expenditures	<u>1,068,541</u>	<u>-</u>	<u>1,068,541</u>	<u>1,117,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 48,654</u>	<u>-</u>	<u>48,654</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number	1440-050-05-200			
Grant Date	2/16/2005			
Bond Authorization Date	3/8/2005			
Bonds Authorized	\$ 670,317			
Bonds Issued	\$ 670,317			
Original Authorized Cost	\$ 1,117,195			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 1,117,195			
Percentage Completion	100%			
Original Target Completion Date	9/1/2006			
Revised Target Completion Date	9/1/2008			

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2d

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT****BALANCE, AND PROJECT STATUS - BUDGETARY BASIS****KNOLLWOOD MIDDLE SCHOOL-ADDITIONS AND ALTERATIONS****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 2,027,596		2,027,596	2,027,596
Bond Proceeds and Transfers	4,862,575		4,862,575	4,862,575
Total Revenues	<u>6,890,171</u>	<u>-</u>	<u>6,890,171</u>	<u>6,890,171</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	470,683		470,683	506,428
Construction Services	6,169,213		6,169,213	6,383,743
Total Expenditures	<u>6,639,896</u>	<u>-</u>	<u>6,639,896</u>	<u>6,890,171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 250,275</u>	<u>-</u>	<u>250,275</u>	<u>-</u>

Additional Project Information

Project Number	1440-050-05-1000
Grant Date	2/16/2005
Bond Authorization Date	3/8/2005
Bonds Authorized	\$ 4,862,575
Bonds Issued	\$ 4,862,575
Original Authorized Cost	\$ 6,890,171
Additional Authorized Cost	-
Revised Authorized Cost	\$ 6,890,171
Percentage Completion	99%
Original Target Completion Date	9/1/2006
Revised Target Completion Date	9/1/2008

FAIR HAVEN SCHOOL DISTRICT

Exhibit F-2e

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECTBALANCE, AND PROJECT STATUS - BUDGETARY BASISSICKLES ELEMENTARY SCHOOL-ALTERATIONSFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 1,616,281		1,616,281	1,616,281
Bond Proceeds and Transfers	2,424,422		2,424,422	2,424,422
Total Revenues	<u>4,040,703</u>	<u>-</u>	<u>4,040,703</u>	<u>4,040,703</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	229,128		229,128	249,715
Construction Services	3,773,392		3,773,392	3,790,988
Total Expenditures	<u>4,002,520</u>	<u>-</u>	<u>4,002,520</u>	<u>4,040,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 38,183</u>	<u>-</u>	<u>38,183</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number	1440-060-05-1000			
Grant Date	2/16/2005			
Bond Authorization Date	3/8/2005			
Bonds Authorized	\$ 2,424,422			
Bonds Issued	\$ 2,424,422			
Original Authorized Cost	\$ 4,040,703			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 4,040,703			
Percentage Completion	99%			
Original Target Completion Date	9/1/2006			
Revised Target Completion Date	9/1/2009			

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

FAIR HAVEN SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2011

	Agency		Net Salary Account	Expendable Trusts			Totals 2011
	Student Activity	Agency Account		Scholarship Fund	Other Trust	Unemployment Compensation	
Assets:							
Cash and Cash Equivalents	\$ 23,664	571	4,687	17,410	726	156,716	203,774
Total Assets	<u>\$ 23,664</u>	<u>571</u>	<u>4,687</u>	<u>17,410</u>	<u>726</u>	<u>156,716</u>	<u>203,774</u>
Liabilities and Net Assets:							
Liabilities:							
Due to Student Groups	\$ 23,664	571					23,664
Payroll Withholdings							571
Total Liabilities	<u>23,664</u>	<u>571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,235</u>
Net Assets:							
Unreserved			4,687	17,410	726	156,716	179,539
Total Net Assets	<u>-</u>	<u>-</u>	<u>4,687</u>	<u>17,410</u>	<u>726</u>	<u>156,716</u>	<u>179,539</u>
Total Liabilities and Net Assets	<u>\$ 23,664</u>	<u>571</u>	<u>4,687</u>	<u>17,410</u>	<u>726</u>	<u>156,716</u>	<u>203,774</u>

FAIR HAVEN SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Other Trusts</u>	<u>Totals</u>
Additions:				
Local Sources:				
Contributions	\$ -	17,613		17,613
Interest on Investments	25	46		71
Total Additions	<u>25</u>	<u>17,659</u>	<u>-</u>	<u>17,684</u>
Deductions:				
Scholarship Payments	753			753
Other Payments				-
Unemployment Claims		50,804		50,804
Total Deductions	<u>753</u>	<u>50,804</u>	<u>-</u>	<u>51,557</u>
Change in Net Assets	(728)	(33,145)	-	(33,873)
Net Assets, July 1	<u>18,138</u>	<u>189,861</u>	<u>726</u>	<u>208,725</u>
Net Assets, June 30	<u>\$ 17,410</u>	<u>156,716</u>	<u>726</u>	<u>174,852</u>

FAIR HAVEN SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools: Knollwood/Sickles	\$ 8,588	94,211	79,135	23,664
Total All Schools	<u>\$ 8,588</u>	<u>94,211</u>	<u>79,135</u>	<u>23,664</u>

FAIR HAVEN SCHOOL DISTRICT**PAYROLL AGENCY FUND****Exhibit H-4****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets:				
Cash and Cash Equivalents	\$ 11,462	3,295,706	3,306,597	571
Total Assets	<u>\$ 11,462</u>	<u>3,295,706</u>	<u>3,306,597</u>	<u>571</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 11,462	3,295,706	3,306,597	571
Total Liabilities	<u>\$ 11,462</u>	<u>3,295,706</u>	<u>3,306,597</u>	<u>571</u>

LONG-TERM DEBT – I

FAIR HAVEN SCHOOL DISTRICT

Exhibit I-1

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF SERIAL BONDS

JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2010</u>	<u>Retired</u>	<u>Ending Balance June 30, 2011</u>
School Refunding Bonds	4/15/2005	\$ 3,415,000	7/15/2011	\$ 320,000	3.25%	\$ 2,425,000	305,000	2,120,000
			7/15/2012	330,000	3.50%			
			7/15/2013	345,000	3.65%			
			7/15/2014	360,000	5.00%			
			7/15/2015	375,000	4.00%			
			7/15/2016	390,000	4.00%			
School Bonds	6/15/2005	8,140,000	6/1/2012	240,000	4.25%	7,020,000	235,000	6,785,000
			6/1/2013	250,000				
			6/1/2014	260,000				
			6/1/2015	270,000				
			6/1/2016	285,000				
			6/1/2017	300,000				
			6/1/2018	315,000				
			6/1/2019	330,000				
			6/1/2020	340,000				
			6/1/2021	365,000				
			6/1/2022	370,000				
			6/1/2023	415,000				
			6/1/2024	425,000				
			6/1/2025	430,000				
			6/1/2026-27	435,000				
			6/1/2028-30	440,000				
						\$ 9,445,000	540,000	8,905,000

FAIR HAVEN SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1a

SCHEDULE OF LOANS PAYABLE

JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2010</u>	<u>Paid</u>	<u>Adjustment</u>	<u>Ending Balance June 30, 2011</u>
Safe Program	8/13/93	\$ 162,500	7/15/11-13	\$ 8,553	1.500%	\$ 34,211	8,553		25,658
Small Projects	8/13/93	487,500	7/15/11 7/15/12 7/15/13	33,105 34,574 36,116	5.288%	135,536	31,471	269	103,796
						\$ 169,747	40,024	269	129,454

FAIR HAVEN SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,015,731		1,015,731	1,015,731	
Premium on Sale of Notes				5,655	5,655
State Sources:					
Type II Aid	2,023		2,023	2,023	
Total Revenues	<u>1,017,754</u>	<u>-</u>	<u>1,017,754</u>	<u>1,023,409</u>	<u>5,655</u>
Expenditures:					
Regular Debt Service:					
Interest	437,460		437,460	437,459	1
Redemption of Principal	580,294		580,294	580,293	1
Total Expenditures	<u>1,017,754</u>	<u>-</u>	<u>1,017,754</u>	<u>1,017,752</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	5,657	5,657
Fund Balance July 1	<u>11,645</u>	<u>-</u>	<u>11,645</u>	<u>11,645</u>	<u>-</u>
Fund Balance June 30	<u>\$ 11,645</u>	<u>-</u>	<u>11,645</u>	<u>17,302</u>	<u>5,657</u>

STATISTICAL SECTION

(Unaudited)

FAIR HAVEN SCHOOL DISTRICT

NET ASSETS BY COMPONENT

J-1

LAST SEVEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 1,065,728	927,771	767,577	2,070,076	2,055,527	2,183,436	2,411,927	2,686,284
Restricted	89,127	4,199,668	4,721,468	1,201,393	990,611	1,281,859	1,098,271	1,682,746
Unrestricted	(439,464)	(226,085)	282,182	197,622	85,809	(59,559)	(117,974)	(45,136)
Total Governmental Activities Net Assets	\$ 715,391	4,901,354	5,771,227	3,469,091	3,131,947	3,405,736	3,392,224	4,323,894
Business-Type Activities:								
Unrestricted	\$ 12,752	11,680	8,377	6,543	3,056	5,348	10,361	16,804
Total Business-Type Activities Net Assets	\$ 12,752	11,680	8,377	6,543	3,056	5,348	10,361	16,804
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$ 1,065,728	927,771	767,577	2,070,076	2,055,527	2,183,436	2,411,927	2,686,284
Restricted	89,127	4,199,668	4,721,468	1,201,393	990,611	1,281,859	1,098,271	1,682,746
Unrestricted	(426,712)	(214,405)	290,559	204,165	88,865	(54,211)	(107,613)	(28,332)
Total District Net Assets	\$ 728,143	4,913,034	5,779,604	3,475,634	3,135,003	3,411,084	3,402,585	4,340,698

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<u>Expenses</u>								
Governmental Activities:								
Instruction:								
Regular	\$ 4,944,830	4,795,953	4,971,775	7,062,423	6,129,752	5,458,969	4,147,263	3,869,157
Special Education	1,244,260	1,304,074	1,447,387	1,967,184	1,660,714	1,337,278	1,255,410	1,188,595
Other Instruction	193,530	183,172	181,606	229,089	213,152	130,209	167,114	35,523
Support Services:								
Tuition	165,812	135,138	121,740	47,931	80,292	88,774	88,198	204
Student and Instruction Related Services	1,490,766	1,560,586	1,585,529	2,200,763	2,066,010	2,545,399	1,464,984	1,542,541
School Administration Services	457,050	465,857	483,821	685,561	619,080	636,424	356,562	338,806
General Administration	616,932	439,768	436,216	565,085	503,952	416,416	631,337	660,757
Central Services		225,174	303,206	398,995	380,078			
Plant Operations and Maintenance	936,261	1,061,276	1,057,328	1,420,353	1,525,057	1,350,042	1,356,341	1,489,574
Pupil Transportation	179,853	185,974	181,806	174,626	147,129	189,672	187,110	83,950
Unallocated Employee Benefits							3,033,591	3,054,542
Interest on Long-Term Debt		214,172	457,712	566,529	589,253	523,744	503,622	431,255
Unallocated Depreciation	235,952					434,909	405,654	305,936
Total Governmental Activities Expenses	<u>10,465,246</u>	<u>10,571,144</u>	<u>11,228,126</u>	<u>15,318,539</u>	<u>13,914,469</u>	<u>13,111,836</u>	<u>13,597,186</u>	<u>13,000,840</u>
Business-Type Activities:								
Food Service	57,237	51,171	55,125	58,518	61,678	62,218	60,835	55,265
Total Business-Type Activities	<u>57,237</u>	<u>51,171</u>	<u>55,125</u>	<u>58,518</u>	<u>61,678</u>	<u>62,218</u>	<u>60,835</u>	<u>55,265</u>
Total District Expenses	<u>\$ 10,522,483</u>	<u>10,622,315</u>	<u>11,283,251</u>	<u>15,377,057</u>	<u>13,976,147</u>	<u>13,174,054</u>	<u>13,658,021</u>	<u>13,056,105</u>

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues								
Governmental Activities:								
Charges for Services:								
Instruction (Tuition)	\$ -		242,570	105,421	110,369			69,651
Operating Grants and Contributions	944,124	955,454	1,094,704	1,471,533	1,576,905	1,743,737	288,411	343,146
Total Governmental Activities Program Revenues	944,124	955,454	1,337,274	1,576,954	1,687,274	1,743,737	288,411	412,797
Business-Type Activities:								
Changes for Services:								
Food Service	42,375	41,061	42,472	47,372	48,697	57,584	57,855	53,880
Operating Grants and Contributions	7,923	7,272	8,302	7,981	8,729	6,912	7,977	7,099
Total Business-Type Activities Program Revenues	50,298	48,333	50,774	55,353	57,426	64,496	65,832	60,979
Total District Program Revenues	\$ 994,422	1,003,787	1,388,048	1,632,307	1,744,700	1,808,233	354,243	473,776
Net (Expense) Revenue								
Governmental Activities	\$ (9,521,122)	(9,615,690)	(9,890,852)	(13,741,585)	(12,227,195)	(11,368,099)	(13,308,775)	(12,588,043)
Business-Type Activities	(6,939)	(2,838)	(4,351)	(3,165)	(4,252)	2,278	4,997	5,714
Total District-Wide Net Expense	\$ (9,528,061)	(9,618,528)	(9,895,203)	(13,744,750)	(12,231,447)	(11,365,821)	(13,303,778)	(12,582,329)

FAIR HAVEN SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes								
In Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 7,948,814	8,210,031	8,700,562	9,617,771	10,055,376	10,556,142	11,038,888	11,553,119
Taxes Levied for Debt Service	465,899	443,887	1,061,648	984,445	1,071,827	1,088,508	1,064,129	1,015,731
Unrestricted Grants and Contributions	625,307	4,885,992	669,462	668,019	684,490	49,168	1,282,495	945,989
Tuition Received	214,570	230,091	323,552	150,299	66,485	25,926	38,585	11,237
Investment Earnings	6,667	10,182	5,501	18,915	11,873	(3,150)	(158,854)	16,462
Miscellaneous Income	11,568	21,470						
Adjustment	(22,157)							
Total Government Activities	9,250,668	13,801,653	10,760,725	11,439,449	11,890,051	11,716,594	13,293,989	13,542,538
Business-Type Activities:								
Investment Earnings	2,247	1,766	1,025	1,308	747	14	16	9
Miscellaneous Income	2,247	1,766	1,048	1,331	765	14	16	9
Total Business-Type Activities								
Total District-Wide	\$ 9,252,915	13,803,419	10,761,773	11,440,780	11,890,816	11,716,608	13,294,005	13,542,547
Change in Net Assets								
Governmental Activities	\$ (270,454)	4,185,963	869,873	(2,302,136)	(337,144)	348,495	(14,786)	954,495
Business-Type Activities	(4,692)	(1,072)	(3,303)	(1,834)	(3,487)	2,292	5,013	5,723
Total District	\$ (275,146)	4,184,891	866,570	(2,303,970)	(340,631)	350,787	(9,773)	960,218

FAIR HAVEN SCHOOL DISTRICT

FUND BALANCE, GOVERNMENTAL FUNDS

LAST SEVEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:							
Restricted	\$ 230,883	106,505	131,342	310,488	566,384	919,959	725,430
Unrestricted	169,172	192,304	321,556	233,988	269,031	266,913	(117,975)
Total General Fund	<u>\$ 400,055</u>	<u>298,809</u>	<u>452,898</u>	<u>544,476</u>	<u>835,415</u>	<u>1,186,872</u>	<u>607,455</u>
All Other Governmental Funds:							
Restricted	\$ 75,662	739,851	7,152,507	237,363	3,150		
Unreserved, Reported In:							
Capital Projects Fund	13,464	11,581,703	1,383,691	709,999	513,745	361,899	361,197
Debt Service Fund	1	18,114	80,154	63,271	1,231	1	11,645
Total All Other Governmental Funds	<u>\$ 89,127</u>	<u>12,339,668</u>	<u>8,616,352</u>	<u>1,010,633</u>	<u>518,126</u>	<u>361,900</u>	<u>372,842</u>

FAIR HAVEN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues											
Tax Levy	\$ 7,057,225	7,550,905	8,064,656	8,414,713	8,653,918	9,762,210	10,602,216	11,127,203	11,644,650	12,103,017	12,568,850
Tuition Charges	194,689	190,599	265,045	214,570	230,091	242,570	105,421	110,369	49,168	28,746	69,651
Interest Earnings	55,460	12,721	6,917	6,667	10,182	323,552	150,299	66,485	13,303	2	10,168
Miscellaneous	19,210	14,947	16,114	11,568	2,920	5,501	18,915	11,873	12,623	38,583	954,970
State Sources	1,036,450	1,145,784	1,287,483	1,384,275	5,627,317	1,545,745	1,928,564	2,070,104	1,544,500	1,282,495	343,146
Federal Sources	131,179	153,667	178,143	185,156	214,129	218,421	210,988	191,291	199,237	288,411	13,946,785
Total Revenues	8,494,213	9,068,623	9,818,358	10,216,949	14,738,557	12,097,999	13,016,403	13,577,325	13,463,481	13,741,254	
Expenditures											
Instruction:											
Regular Instruction	3,135,356	3,620,324	3,547,889	3,672,536	3,623,375	3,825,486	4,064,965	4,070,055	5,376,074	4,097,828	3,900,729
Special Education Instruction	517,535	650,316	883,616	923,918	981,959	1,111,179	1,120,644	1,103,765	1,337,278	1,255,410	1,188,595
Other Instruction	69,677	84,761	81,185	103,344	97,722	96,379	83,588	81,284	69,969	104,138	35,523
School Sponsored/Other Instructional	28,629	28,661	35,273	38,109	38,911	41,802	48,471	59,363	60,240	62,976	
Community Services	3,886										
Support Services:											
Tuition	258,180	308,332	160,795	165,812	135,138	121,740	47,931	80,292	88,774	88,198	204
Student and Instruction Related Services	887,374	1,009,058	1,081,412	1,133,874	1,208,129	1,247,754	1,314,715	1,407,797	1,195,361	1,464,984	1,542,541
General Administration	238,308	260,244	284,804	295,685	311,504	321,827	406,467	393,372	416,416	356,562	338,806
School Administrative Services	285,203	301,072	318,381	335,697	348,371	368,767	387,500	405,618	636,424	631,337	660,757
Central Services	629,502	705,496	769,610	796,274	225,174	241,651	237,473	265,043	1,350,042	1,356,341	1,489,574
Plant Operations and Maintenance	131,409	155,217	181,872	179,853	919,381	920,561	1,055,475	1,260,962	189,672	187,110	83,950
Pupil Transportation	171,102	170,438	189,264	195,356	56						
Other Support Services	1,185,675	1,173,143	1,570,284	1,805,527	2,087,383	2,394,927	2,559,733	2,924,960	1,350,038	3,033,591	3,063,523
Employee Benefits	294,222	472,395	372,167	34,758	138,328	3,791,228	8,025,288	442,959	151,846	69,955	16,621
Capital Outlay											
Debt Service:											
Principal	204,945	210,737	221,556	232,479	232,235	544,407	525,327	541,604	562,791	568,996	580,293
Interest and Other Charges	270,866	259,734	248,144	235,952	214,172	457,712	478,341	594,690	529,382	497,542	437,459
Total Expenditures	8,311,869	9,409,928	9,946,252	10,149,174	10,747,812	15,667,226	20,530,544	13,778,893	13,314,307	13,774,968	13,338,575
Excess (Deficiency) of Revenues Over/(Under) Expenditures	182,344	(341,305)	(127,894)	67,775	3,990,745	(3,569,227)	(7,514,141)	(201,568)	149,174	(33,714)	608,210

FAIR HAVEN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Other Financing Sources (Uses)</u>											
Proceeds from Borrowing					8,140,439						
Prior Accounts Payable										(129,859)	
Capital Leases (Non-Budgeted)	88,399				3,437,135						
Proceeds from Refunding					(3,419,024)						
Payments to Escrow Agent											
Adjustment From Fund 20											
Prior Year Adjustment											16,462
Transfer In	509,174	3,573	157,712	(22,157)		257,688	25,973	333	(3,150)		
Transfer Out	(563,206)	(3,573)	(157,712)	(76,661)		(257,688)	(25,973)	(333)	95	2	
Total Other Financing Sources (Uses)	34,367	-	-	(22,157)	8,158,550	-	-	-	(3,150)	(158,854)	16,462
Net Change in Fund Balances	216,711	(341,305)	(127,894)	45,618	12,149,295	(3,569,227)	(7,514,141)	(201,568)	146,024	(192,568)	624,672
Debt Service as a Percentage of Noncapital Expenditure	5.93%	5.26%	4.91%	4.63%	4.21%	8.44%	8.03%	8.52%	8.30%	8.40%	8.28%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.
Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2006.
Prior to June 30, 2006, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2001	\$ -	17,920	17,920
2002		14,947	14,947
2003		16,114	16,114
2004		11,568	11,568
2005		2,920	2,920
2006		5,501	5,501
2007		18,915	18,915
2008		11,873	11,873
2009		25,831	25,831
2010		10,168	10,168
2011		11,237	11,237

Source: District Records

FAIR HAVEN SCHOOL DISTRICT

J-6

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
(UNAUDITED)

Calendar Year	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment
Dec. 31							
2002	3,460,200	511,328,600	0	0	22,888,300	0	0
2003	4,863,000	1,056,651,300	0	0	36,372,300	0	0
2004	6,243,900	1,055,645,500	0	0	36,902,800	0	0
2005	7,457,300	1,060,201,400	0	0	36,902,800	0	0
2006	6,619,300	1,070,273,200	0	0	36,902,800	0	0
2007	9,753,800	1,076,615,700	0	0	36,782,800	0	0
2008	10,976,600	1,088,054,500	0	0	37,360,200	0	0
2009	11,701,300	1,098,504,400	0	0	38,035,100	0	0
2010	8,257,500	1,108,252,100	0	0	38,035,100	0	0
2011	8,336,600	1,112,471,500	0	0	38,126,700	0	0

	Total Assessed Value	Tax-Exempt Property	Less:	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b	Total Direct Regional Tax Rate
2002	537,677,100	0	309,550	537,986,650	893,757,706	1.499	0.556
2003	1,097,886,600	0	480,830	1,098,367,430	1,042,020,153	0.766	0.301
2004	1,098,792,200	0	464,783	1,099,256,983	1,173,385,577	0.787	0.328
2005	1,104,561,500	0	413,559	1,104,975,059	1,315,211,202	0.883	0.334
2006	1,113,795,300	0	330,605	1,114,125,905	1,496,562,873	0.952	0.325
2007	1,123,152,300	0	453,685	1,123,605,985	1,574,377,872	0.991	0.324
2008	1,136,391,300	0	464,997	1,136,856,297	1,597,417,358	1.024	0.334
2009	1,148,240,800	0	578,174	1,148,818,974	1,615,772,832	1.054	0.358
2010	1,154,544,700	0	593,599	1,155,138,299	1,563,193,686	1.088	0.377
2011	1,158,934,800	0	456,964	1,159,391,764	1,547,281,557	1.102	0.387

Source: Municipal Tax Assessor

* Revaluation effective 2003

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 b Tax rates are per \$100

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate Per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Basic Rate	(a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Borough of Fair Haven	Monmouth County	Total Direct and Overlapping Tax Rate
				Basic Rate	Total Direct School Tax Rate				
2002	1.406		0.093	1.499	0.556	0.702	0.653	3.410	
2003	0.722		0.044	0.766	0.301	0.359	0.342	1.768	
2004	0.743		0.044	0.787	0.328	0.379	0.354	1.848	
2005	0.826		0.057	0.883	0.334	0.440	0.357	2.014	
2006	0.848		0.104	0.952	0.325	0.472	0.353	2.102	
2007	0.899		0.092	0.991	0.324	0.491	0.362	2.168	
2008	0.925		0.099	1.024	0.334	0.481	0.357	2.196	
2009	0.961		0.093	1.054	0.358	0.470	0.360	2.242	
2010				1.088	0.377	0.458	0.326	2.249	
2011				1.102	0.387	0.457	0.336	2.282	

RV

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5%, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

RV Property Revaluation

FAIR HAVEN SCHOOL DISTRICT

J-8

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2010			2001		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 4,763,400	1	0.41%	\$ 2,473,100	1	0.46%
Taxpayer 2	3,504,800	2	0.30%	2,438,999	2	0.46%
Taxpayer 3	3,504,000	3	0.30%	1,672,700	3	0.31%
Taxpayer 4	3,486,300	4	0.30%	1,472,000	4	0.28%
Taxpayer 5	3,407,100	5	0.30%	1,449,500	5	0.27%
Taxpayer 6	3,192,000	6	0.28%	1,426,300	6	0.27%
Taxpayer 7	3,145,700	7	0.27%	1,347,500	7	0.25%
Taxpayer 8	3,113,800	8	0.27%	1,331,500	8	0.25%
Taxpayer 9	2,973,500	9	0.26%	1,098,900	9	0.21%
Taxpayer 10	2,926,100	10	0.25%	1,095,400	10	0.20%
Total	\$ 34,016,700		2.95%	\$ 15,805,899		2.96%

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2002	\$ 7,550,905	7,550,905	100%	
2003	8,064,656	8,064,656	100%	
2004	8,414,713	8,414,713	100%	
2005	8,653,918	8,653,918	100%	
2006	9,762,210	9,762,210	100%	
2007	10,602,216	10,602,216	100%	
2008	11,127,203	11,127,203	100%	
2009	11,644,650	11,644,650	100%	
2010	12,103,017	12,103,017	100%	
2011	12,568,850	12,568,850	100%	

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

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

FAIR HAVEN SCHOOL DISTRICT

J-10

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2002	\$ 4,219,000	N/A	N/A	N/A	N/A	N/A	707
2003	4,029,000	N/A	N/A	N/A	N/A	N/A	671
2004	3,829,000	N/A	N/A	N/A	N/A	N/A	636
2005	12,005,000	N/A	N/A	N/A	N/A	N/A	1,995
2006	11,495,000	N/A	N/A	N/A	N/A	N/A	1,920
2007	11,005,000	N/A	N/A	N/A	N/A	N/A	1,848
2008	10,500,000	N/A	N/A	N/A	N/A	N/A	1,775
2009	9,975,000	N/A	N/A	N/A	N/A	N/A	1,688
2010	9,445,000	N/A	N/A	N/A	N/A	N/A	1,591
2011	8,905,000	N/A	N/A	N/A	N/A	N/A	1,500

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

b

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Obligations Bonds	<u>Deductions</u>	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
2001	\$ 4,399,000		4,399,000	0.83%	739
2002	4,219,000		4,219,000	0.78%	707
2003	4,029,000		4,029,000	0.37%	671
2004	3,829,000		3,829,000	0.35%	636
2005	12,005,000		12,005,000	1.09%	1,995
2006	11,495,000		11,495,000	1.03%	1,920
2007	11,005,000		11,005,000	0.98%	1,848
2008	10,500,000		10,500,000	0.92%	1,775
2009	9,975,000		9,975,000	0.88%	1,688
2010	9,445,000		9,445,000	0.82%	1,591
2011	8,905,000		8,905,000	0.77%	1,500

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See exhibit J-6 for property tax data.
- (b) Population data can be found in exhibit J-14.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fair Haven	\$ 6,416,935	100.000%	\$ 6,416,935
Monmouth County General Obligation Debt	488,135,115	1.243%	6,067,519
Subtotal, Overlapping Debt			<u>12,484,454</u>
Fair Haven School District Direct Debt			<u>9,269,454</u>
Total Direct and Overlapping Debt			<u><u>\$ 21,753,908</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.

Debt Outstanding data provided by each governmental unit.

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

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

FAIR HAVEN SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN YEARS

<u>Year</u>	<u>Equalized Valuation Basis</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
2010	\$ 1,539,598,213										
2009	1,552,515,955										
2008	1,596,952,361										
	<u>\$ 4,689,066,529</u>										
Average Equalized Valuation of Taxable Property	<u>\$ 1,563,022,176</u>										
Debt Limit (3% of Average Equalization Value)	\$ 46,890,665										
Total Net Debt Applicable to Limit	<u>9,269,454</u>										
Legal Debt Margin	<u>\$ 37,621,211</u>										
		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 19,093,113	19,093,113	21,159,600	23,898,775	27,282,115	31,083,731	41,687,478	39,851,597	43,861,519	46,683,581	46,890,665
Total Net Debt Applicable to Limit	4,880,224	4,880,224	4,669,487	4,447,930	4,204,263	12,358,023	11,813,622	11,288,138	10,746,534	10,183,743	9,269,454
Legal Debt Margin	14,212,889	14,212,889	16,490,113	19,450,845	23,077,852	18,725,708	29,873,856	28,563,459	33,114,985	36,499,838	37,621,211
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.56%	25.56%	22.07%	18.61%	15.41%	39.76%	28.34%	28.33%	24.50%	21.81%	19.77%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

Year	Population	Personal Income	Per Capita <u>Personal Income</u>	Unemployment Rate
2001	5,967	N/A	43,863	3.9%
2002	6,007	N/A	43,387	5.6%
2003	6,020	N/A	43,634	5.6%
2004	6,019	N/A	46,545	4.7%
2005	5,987	N/A	48,072	2.6%
2006	5,956	N/A	52,499	3.0%
2007	5,914	N/A	55,826	2.7%
2008	5,910	N/A	57,353	3.5%
2009	5,920	N/A	54,771	3.4%
2010	5,937	N/A	Unavailable	2.9%

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

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Information Not Available

FAIR HAVEN SCHOOL DISTRICT

J-16

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:										
Regular	70.5	71.0	58.8	50.1	45.3	77.0	62.7	85.8	85.6	85.5
Special Education	10.5	11.3	12.6	13.8	13.3	12.8	11.9	11.0	12.5	13.0
Support Services:										
Student and Instruction Related Services	23.6	23.5	24.6	21.1	26.3	26.8	19.4	21.3	21.3	21.3
General Administration	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
School Administrative Services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Other Administrative Services	1.0	1.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0	2.0
Plant Operations and Maintenance	9.0	9.0	9.0	9.0	9.0	9.5	9.5	9.5	9.5	9.5
Other Support Services	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Total	132.6	133.8	125.0	115.0	114.9	147.1	123.5	148.6	149.9	150.3

Source: District Personnel Records

FAIR HAVEN SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teacher Staff (b)	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	990	8,467,052	8,553	9.77%	95	10.4	988.9	928.8	1.98%	93.92%
2003	1,005	9,104,385	9,059	5.92%	83	12.1	1,005.4	960.8	1.67%	95.56%
2004	991	9,645,985	9,734	7.45%	88	11.3	989.6	947.6	(1.57)%	95.76%
2005	973	10,163,077	10,445	7.31%	129	7.5	975.0	931.3	(1.48)%	95.52%
2006	992	10,873,879	10,962	4.94%	73	13.6	986.3	944.1	1.16%	95.72%
2007	1,010	11,501,588	11,387	3.87%	69	14.5	1,002.7	958.5	1.66%	95.59%
2008	1,015	12,199,640	12,019	5.55%	74	13.7	1,010.5	967.4	0.78%	95.73%
2009	990	12,070,288	12,192	1.42%	97	10.3	982.4	976.5	1.03%	99.40%
2010	1,016	12,419,317	12,224	0.26%	86	11.8	1,009.7	966.1	2.78%	95.70%
2011	1,015	12,288,929	12,107	-0.95%	98	10.3	1,012.8	967.2	0.31%	95.50%

Source: District Records.

Note: Enrollment based on annual October District count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

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

SCHEDULE OF REQUIRED MAINTENANCE

J-19

LAST TEN FISCAL YEARS

<u>Year</u>	<u>*School Facilities Project # (s)</u>	Viola L. Sickles		Knollwood	<u>Total</u>
		SP 1440-050-05-2000	SP 1440-060-05-1000	SP 1440-050-05-2000	
2002		\$	27,300	59,642	86,942
2003			77,026	18,411	95,437
2004			48,611	26,386	74,997
2005			22,069	65,672	87,741
2006			11,012	49,742	60,754
2007			21,301	28,940	50,241
2008			35,369	65,695	101,064
2009			63,600	126,975	190,575
2010			83,495	55,942	139,437
2011			47,200	129,005	176,205
Total School Facilities		\$	436,983	626,410	1,063,393

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

Source: District Records

FAIR HAVEN SCHOOL DISTRICT

INSURANCE SCHEDULE

J-20

JUNE 30, 2011

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - MOCSSIF/NJSBAIG		
Property	\$ 300,000,000	5,000
Electronic Data Processing	500,000	1,000
Equipment Breakdown	100,000,000	5,000
Crime	100,000	500
Comprehensive General Liability	6,000,000	1,000
Automobile	6,000,000	1,000
Worker's Compensation - MOCSSIF/NJSBAIG	2,000,000	
School Leaders Errors and Omissions - MOCSSIF/NJSBAIG	5,000,000	5,000
Surety Bonds - Selective Insurance		
Board Secretary/Business Administrator	200,000	
Treasurer of School Monies	200,000	

Source: District Records

FAIR HAVEN SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2011

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2011	
										(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture											
Passed Through State Department of Education:											
National School Lunch Program	10.555	7-1-10 to 6-30-11	\$ 6,418	-	-	5,322	(6,418)	-	-	(1,096)	-
National School Lunch Program	10.555	7-1-09 to 6-30-10	7,176	(634)	-	634	-	-	-	(1,096)	-
Total U.S. Department of Agriculture				(634)	-	5,956	(6,418)	-	-	-	-
U.S. Department of Education:											
Passed Through State Department of Education:											
General Fund											
Education Jobs Fund	84.410A	7-1-10 to 6-30-11	22,074	-	-	-	-	-	-	-	-
Title IIA											
Title IIA	84.367A	9-1-10 to 8-31-11	21,028	-	-	-	(21,028)	-	-	(21,028)	-
Title IIA	84.367A	9-1-09 to 8-31-10	21,319	(1,547)	-	-	-	-	-	(1,547)	-
I.D.E.A. Basic ARRA	84.391	9-1-09 to 8-31-11	196,260	-	-	113,256	(113,256)	-	-	-	-
I.D.E.A. Preschool ARRA	84.392	9-1-09 to 8-31-11	7,104	-	-	3,564	(3,564)	-	-	-	-
I.D.E.A. Basic	84.027	9-1-09 to 8-31-10	187,496	(60,643)	-	60,643	-	-	-	-	-
I.D.E.A. Basic	84.027	9-1-10 to 8-31-11	193,118	-	-	176,247	(193,118)	-	-	(16,871)	-
I.D.E.A. Preschool	84.173	9-1-10 to 8-31-11	7,299	-	-	6,299	(7,299)	-	-	(1,000)	-
I.D.E.A. Preschool	84.173	9-1-09 to 8-31-10	6,952	(6,952)	-	6,952	-	-	-	(40,446)	-
				(69,142)	-	366,961	(338,265)	-	-	-	-
				\$ (69,776)	-	372,917	(344,683)	-	-	(41,542)	-

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

FAIR HAVEN SCHOOL DISTRICT

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program State Department of Education	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2011		MEMO	
										(Accounts Receivable)	Deferred Revenue		Budgetary Receivable
Special Education Aid	11-495-034-5120-089	7-1-10 to 6-30-11	\$ 64,314	-	-	64,314	(64,314)	-	-	(2,849)	-	(3,857)	64,314
Non-Public Transportation Aid	11-495-034-5120-014	7-1-10 to 6-30-11	2,849	(6,483)	-	6,483	(2,849)	-	-	-	-	-	2,849
Non-Public Transportation Aid	10-495-034-5120-014	7-1-09 to 6-30-10	6,483	(21,432)	-	21,432	(6,483)	-	-	-	-	-	-
Reimbursed TPAF Social Security	10-495-034-5095-002	7-1-09 to 6-30-10	441,954	(29,845)	-	388,998	(410,622)	-	-	(21,624)	-	-	410,622
Contributions	11-495-034-5095-002	7-1-10 to 6-30-11	410,622	(57,760)	-	29,845	(477,783)	-	-	(24,473)	-	(3,857)	477,783
Contributions	10-495-034-5120-044	7-1-09 to 6-30-10	29,845	-	-	511,072	(477,783)	-	-	-	-	-	-
Extraordinary Aid													
Special Revenue													
Nonpublic Aid	10-100-074-5120-064	7-1-08 to 6-30-09	398	-	-	398	-	-	(398)	-	-	-	-
Textbooks													
Food Service													
National School Lunch Program	11-100-010-3360-067	7-1-10 to 6-30-11	681	(69)	-	547	(681)	-	-	(134)	-	-	681
(State Share)													
National School Lunch Program	10-100-010-3360-067	7-1-09 to 6-30-10	801	(69)	-	69	(681)	-	-	(134)	-	-	-
(State Share)													
Capital Projects Fund													
EDA Grant-Building Program	1440-050-03-1231	7-1-03 to 6-30-04	36,484	(18,342)	-	-	-	-	-	-	-	-	-
EDA Grant-Building Program	1440-060-05-2000	7-1-04 to 6-30-05	122,083	(72,081)	-	-	-	-	-	(18,342)	-	-	-
EDA Grant-Building Program	1440-050-05-2000	7-1-04 to 6-30-05	446,878	(263,918)	-	-	-	-	-	(72,081)	-	-	-
EDA Grant-Building Program	1440-050-05-1000	7-1-04 to 6-30-05	2,027,596	(1,197,723)	-	-	-	-	-	(263,918)	-	-	-
EDA Grant-Building Program	1440-060-05-1000	7-1-04 to 6-30-05	1,616,281	(954,604)	-	-	-	-	-	(1,197,723)	-	-	-
Total Capital Projects fund				(2,506,668)	-	-	-	-	-	(954,604)	-	-	-
Debt Service Fund													
State Debt Service Aid	11-495-034-5120-017	7-1-10 to 6-30-11	2,023	-	-	2,023	(2,023)	-	(398)	-	-	-	-
				\$ (2,564,497)	-	\$ 514,109	(480,489)	-	(398)	(2,531,275)	-	(3,857)	480,489

* Funds held by Monmouth Ocean Educational Services Commission and to be returned on the District's behalf

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

BOARD OF EDUCATION

K-5

FAIR HAVEN SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2011****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Fair Haven School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A Commodities Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 477,785	2,023	681	480,489
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	403,435			403,435
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>62,746</u>	—	—	<u>62,746</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 943,966</u>	<u>2,023</u>	<u>681</u>	<u>946,670</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$	338,265	6,418	344,683
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>338,265</u>	<u>6,418</u>	<u>344,683</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

NOTE 6: Adjustments

The adjustment on Schedule B is a prior year adjustment.