

**BOROUGH OF LAUREL SPRINGS**

**SCHOOL DISTRICT**

**LAUREL SPRINGS, NEW JERSEY**



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

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## INTRODUCTORY SECTION



# LAUREL SPRINGS SCHOOL DISTRICT

623 Grand Avenue and Stone Road  
Laurel Springs, New Jersey 08021  
(856) 783-1086

Albert K. Brown Ed.D.  
Superintendent  
abrown@laurelspringschool.org

November 29, 2011

Honorable President and  
Members of the Board of Education  
Laurel Springs School District  
County of Camden, New Jersey

Dear Members of the Board;

The Comprehensive Annual Financial Report (CAFR) of the Laurel Springs School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the management of the Board of Education (Board.) To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic 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 U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State of New Jersey Circular 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Laurel Springs School District is an independent report entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Laurel Springs Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten (PK) through grade six (6). These include regular education and special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of one hundred and sixty seven (167) students, representing a slight change from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**AVERAGE DAILY ENROLLMENT**

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT CHANGE</u>
2010-2011	167	(12)	(6.7%)
2009-2010	179	(1)	(0.6%)
2008-2009	180	18	11.1%
2007-2008	162	(18)	(10.0%)
2006-2007	180	(1)	(0.6%)

2. **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Laurel Springs is a small suburban town of .5 square miles. Laurel Springs is a community composed of 95% residential property, 5% commercial property and no industrial property.

Laurel Springs incorporated as a Borough on April 2, 1913, pulling away from Clementon Township. Established as a residential community, Laurel Springs has maintained its appeal in this respect. Laurel Lake and Crystal Springs have been a focal point of the community throughout years of popularity as a resort area. Years of volunteer citizen efforts have contributed to the revival and maintenance of the lake and spring area.

Though small in size, Laurel Springs has always been an active, involved community. Home to many who contributed to the industrial development of the Delaware Valley, Laurel Springs can be proud of its service and support to the nation as well as its initiation of area cooperation in police and fire protection through a monitor system designed and installed by Jack Hagan. This monitoring system is still in operation and is now operated by Camden County at the Lindenwold facility.

Population census information indicates that Laurel Springs has experienced a decrease in population with the current population being 1,908, down from 2,339 as per the 1980 census, thus reflecting an 18% decrease. The school enrollment has fluctuated periodically, however, has remained basically stable for the past dozen or so years with only minor changes from year to year.

Teachers and students continue to expand computer technology knowledge and use. Teachers now have individual websites for their classrooms and linked with our school website. Distance learning opportunities are available throughout the year for each classroom. A technology mobile lab is now available for our upper grade students. This lab has 10 laptop computers attached to the wireless internet. We will continue to monitor the alignment of curriculum with Core Content Standards in other subject areas. The School Level Plan Committee, composed of parents, teachers, Board members, and school administrator meets twice a year to discuss our direction for the development of school objectives to be submitted to the state in accordance with monitoring requirements.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are 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 controls, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either concealed or are included as reappropriations of fund balance in the subsequent year. There are no encumbrances reported as reservations of fund balance at June 30, 2011.

5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

6. **MANAGEMENT'S DISCUSSION AND ANALYSIS:** GAAP requires that the management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

7. **DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues included \$2,627,000.00 of general obligation bonds.

8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUDPA".) GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

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

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

Respectfully submitted,

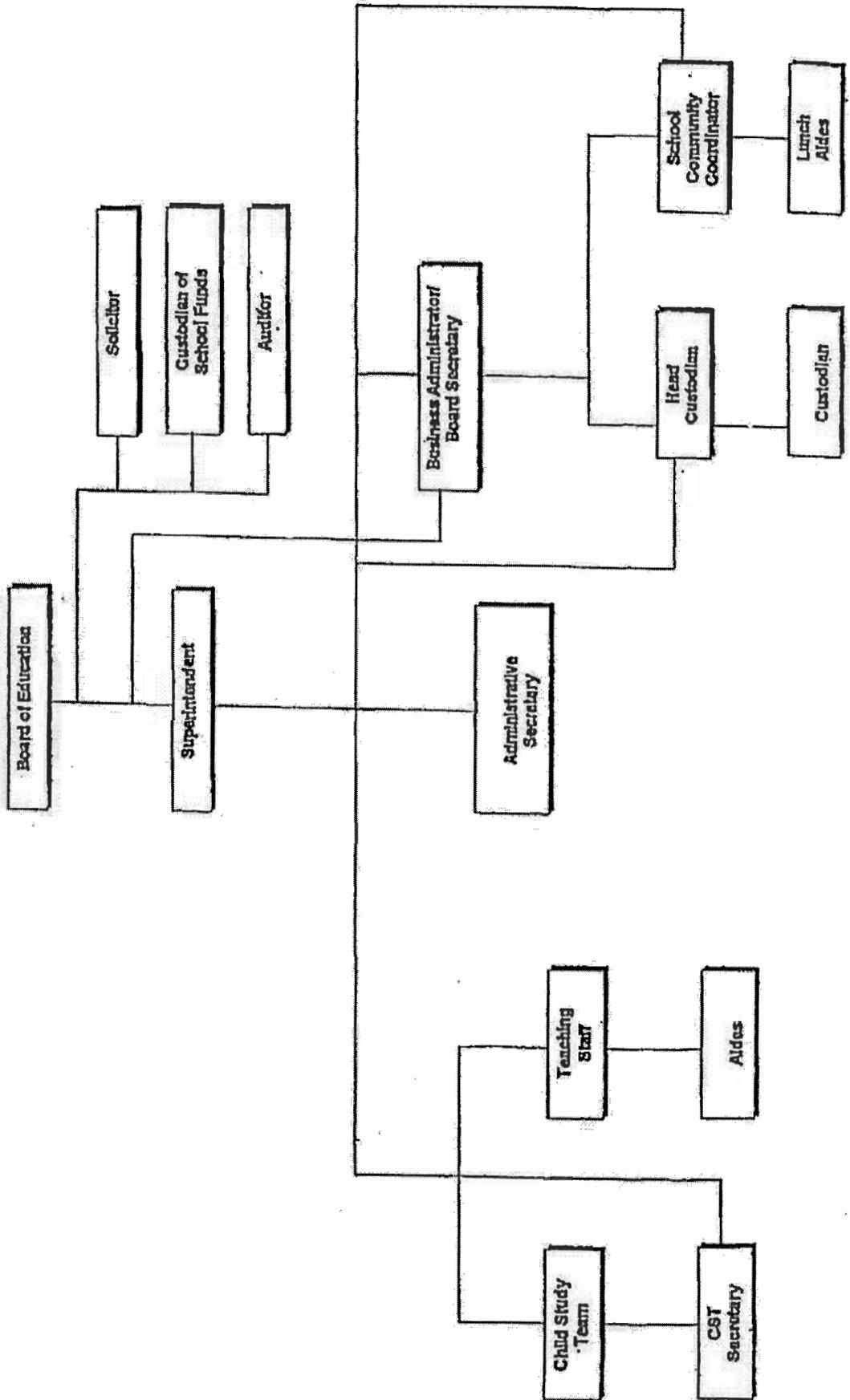
Handwritten signatures of Dr. Albert K. Brown and William H. Thompson. The signature of Dr. Albert K. Brown is on the left, and the signature of William H. Thompson is on the right.

Dr. Albert K. Brown  
Superintendent

William H. Thompson  
Board Secretary/Business Administrator

# LAUREL SPRINGS BOARD OF EDUCATION

Organizational Chart  
(Unit Control)



**BOROUGH OF LAUREL SPRINGS  
BOARD OF EDUCATION  
LAUREL SPRINGS, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

**Members of the Board of Education**

**Term Expires**

Doris Walsh, President	2012
James Nicoludis, Vice President	2014
Maria Bliem	2014
Michael Brown	2014
Barbara Brown	2013
Monica Korn	2013
Betty Hobbs	2013
Steve Troilo	2012
Kathy Buchanan	2012

**Other Officials**

Dr. Albert K. Brown, Superintendent  
William H. Thompson, Board Secretary/Business Administrator  
Janice Gattone, Treasurer  
John Wade, Esq. Solicitor

**BOROUGH OF LAUREL SPRINGS  
BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

**Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043**

**Attorney**

**John Wade, Esquire  
1250 Chews Landing Road  
Laurel Springs, NJ 08021**

**Broker of Record**

**William E. Mc Namera  
Richard Hardenbergh Insurance Company  
Main Street, Plaza 100 Suite 100  
Voorhees, NJ 08043**

**Official Depository**

**TD Bank N.A.  
55 S. White Horse Pike  
Stratford, NJ 08084**

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

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 Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Laurel Springs School District'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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2011 on our consideration of the Borough of Laurel Springs School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Laurel Springs School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*K.N. Applegate*

Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. CS 20CS00223300

Voorhees, New Jersey  
November 11, 2011

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

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 11, 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 in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Borough of Laurel Springs School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Laurel Springs School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the school 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified one deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings—Financial, Compliance and Performance that we consider to be a significant deficiency in internal control over financial reporting as finding no. 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

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

The Borough of Laurel Springs School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*K.N. Applegate*

Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
November 11, 2011

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of the Borough of Laurel Springs 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; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights:**

Key financial highlights for 2011 are as follows:

- In total, net assets increased by \$279,178.07.
- General revenues account for \$4,530,051.17 in revenue or ninety-four percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$277,298.39 or six percent of total revenues of \$4,807,349.56.
- The School District had \$4,684,461.49 in expenses; only \$277,298.39 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues of \$4,530,051.17 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,389,948.32 in revenues and \$4,191,364.84 in expenditures. The General Fund's balance increased \$198,583.48 from 2010. This increase was anticipated by the Board of Education.

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Borough of Laurel Springs 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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Borough of Laurel Springs Public School District, the General Fund is by far the most significant fund.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Reporting the School District as a Whole**

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

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

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

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

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

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

**Fund Financial Statements**

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

**The School District as a Whole**

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

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

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

**Table 1  
Net Assets**

The District's combined net assets were \$956,069.99 on June 30, 2011. This was an increase of 15.8 percent from the prior year.

Total assets increased \$282,936.18. An increase in current and other assets of \$294,014.22 was due mainly to a overall increase in accounts receivable and interfunds receivables.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 539,636.64	\$ 245,622.42
Capital Assets	3,376,105.88	3,387,183.92
Total Assets	3,915,742.52	3,632,806.34
<b>Liabilities</b>		
Long-term Liabilities	2,649,767.98	2,745,031.37
Other Liabilities	309,904.55	210,883.05
Total Liabilities	2,959,672.53	2,955,914.42
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	749,105.88	660,183.92
Restricted	2,711.60	99,260.11
Unrestricted	204,252.51	(82,552.11)
<b>Total Net Assets</b>	<b>\$ 956,069.99</b>	<b>\$ 676,891.92</b>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

Table 2 shows changes in net assets for fiscal year 2011 compared to the fiscal year 2010.

**Table 2  
Changes in Net Assets**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 19,051.38	\$ 19,400.35
Operating Grants and Contributions	258,247.01	229,584.58
General Revenues:		
Property Taxes	2,786,081.26	2,656,283.00
Grants and Entitlements	1,740,753.96	1,862,729.15
Other	3,215.95	9,072.91
Total Revenues	<u>4,807,349.56</u>	<u>4,777,069.99</u>
<b>Program Expenses</b>		
Instruction	1,137,300.59	1,116,768.08
Support Services:		
Pupils and Instructional Staff	2,415,070.93	2,651,412.39
General Administration, School Administration	247,615.28	206,905.17
Business Operations, and Maintenances of Facilities	203,366.45	282,848.71
Pupil Transportation	70,468.84	68,863.02
Unallocated Benefits	461,408.73	434,259.79
Interest on Debt	110,944.39	115,069.12
Food Service	<u>38,286.28</u>	<u>33,935.04</u>
Total Expenses	4,684,461.49	4,910,061.32
Increase (Decrease) in Net Assets	<u>\$ 122,888.07</u>	<u>\$ (132,991.33)</u>

Program revenues include charges for services and operating grants and contributions.

General revenues include property taxes, grants and entitlements, and other revenues, with property taxes being the predominant source of revenue for the District. There is a \$129,798.26 increase in property taxes due primarily to an increase in the general fund tax levy. There is a decrease of \$121,975.19 in grants and entitlements due primarily to a decrease in State aid allocation.

Total expenses decreased by \$225,569.83, due to a general decrease in all categories.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 58 percent of revenues for governmental activities for the Borough of Laurel Springs Public School District for fiscal year 2011. The District's total revenues were \$4,774,727.69 for the year ended June 30, 2011. Federal, State, and local grants accounted for another 42 percent of revenue.

The total cost of all programs and services was \$4,576,140.04. Instruction comprises 22 percent of District expenses.

**Business-Type Activities**

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

- Food service expenses exceeded revenues by \$5,664.41.
- Charges for services represent \$19,051.38 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and State requirements for meals including payments for free and reduced lunches and breakfast was \$13,560.07.

**Governmental Activities**

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**Table 3**

	<u>Total Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2011</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 1,137,300.59	\$ 837,577.08	\$ 994,139.49	\$ 805,730.05
Support Services:				
Pupils and Instructional Staff	2,415,070.93	2,651,618.94	2,391,126.22	2,557,081.03
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,023,334.85	1,038,876.24	945,753.72	946,735.77
Pupil Transportation	70,468.84	68,863.02	70,468.84	68,863.02
<b>Total Expenses</b>	<u>\$ 4,646,175.21</u>	<u>\$ 4,596,935.28</u>	<u>\$ 4,401,488.27</u>	<u>\$ 4,378,409.87</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student including extra-curricular 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 involved keeping the school grounds, buildings, and equipment in an effective working condition.

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

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,774,727.69 and expenditures were \$4,576,140.04. The net increase change in fund balance for the year was most significant in the General Fund an increase of \$198,583.48.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

**General Fund Budgeting Highlights**

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

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

- TPAF, which is the State's contribution to the pension fund, is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.
- Home instruction, both salaries and contracted, were higher than past years due to the number of students who were ill or placed on home instruction pending other placements.
- Reductions were made to the instructional supply and textbook accounts at the end of the school year after all instructional purchases had been made. These funds helped offset other accounts that were nearing over-expenditure.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.

**Capital Assets**

At the end of the fiscal year 2011, the School District had \$3,374,363.86 invested in land, building, furniture and equipment, vehicles and construction in progress. Table 4 shows fiscal year 2011 balances compared to 2010.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

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

	<u>2011</u>	<u>2010</u>
Land	\$ 6,100.00	\$ 6,100.00
Construction In Progress	-	2,883,427.29
Building and Building Improvements	3,345,847.96	493,054.00
Machinery and Equipment	22,415.90	4,602.63
<b>Total</b>	<u>\$ 3,374,363.86</u>	<u>\$ 3,387,183.92</u>

Overall capital assets decreased \$12,820.06 from fiscal year 2010 to fiscal year 2011 as a result of depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2011, the School District had \$2,627,000.00 for outstanding debt.

**For the Future**

The Borough of Laurel Springs Public School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased.

In conclusion, the Borough of Laurel Springs 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 William H. Thompson, School Business Administrator/Board Secretary, at Laurel Springs Public School District, 623 Grand Avenue and Stone Road, Laurel Springs, NJ 08021.

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Net Assets  
June 30, 2011

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 44,615.13	\$ 6,131.75	\$ 50,746.88
Local Tax Levy Receivable	99,850.64		99,850.64
Intergovernmental Receivables	193,156.78	1,021.85	194,178.63
Interfunds Receivable	188,424.81		188,424.81
Other Receivables	1,749.59		1,749.59
Restricted Assets:			
Restricted Cash and Cash Equivalents	3,573.41		3,573.41
Capital Reserve Account - Cash	1,112.68		1,112.68
Capital Assets, net (Note 6)	<u>3,374,363.86</u>	<u>1,742.02</u>	<u>3,376,105.88</u>
<b>Total Assets</b>	<u>3,906,846.90</u>	<u>8,895.62</u>	<u>3,915,742.52</u>
<b>LIABILITIES:</b>			
Accounts Payable	53,094.27		53,094.27
Interfunds Payable	158,792.61	25,296.51	184,089.12
Accrued Interest Payable	41,410.79		41,410.79
Payable to State Government	1,734.00		1,734.00
Deferred Revenue	29,576.37		29,576.37
Noncurrent Liabilities (Note 7):			
Due within One Year	100,000.00		100,000.00
Due beyond One Year	<u>2,549,767.98</u>		<u>2,549,767.98</u>
<b>Total Liabilities</b>	<u>2,934,376.02</u>	<u>25,296.51</u>	<u>2,959,672.53</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	747,363.86	1,742.02	749,105.88
Restricted for:			
Debt Service	5.04		5.04
Capital Projects	2,706.56		2,706.56
Unrestricted (Deficit)	<u>222,395.42</u>	<u>(18,142.91)</u>	<u>204,252.51</u>
<b>Total Net Assets</b>	<u>\$ 972,470.88</u>	<u>\$ (16,400.89)</u>	<u>\$ 956,069.99</u>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 988,747.63		\$ 143,161.10	\$ (845,586.53)		\$ (845,586.53)
Special Education	135,327.61			(135,327.61)		(135,327.61)
Other Special Instruction	8,854.82			(8,854.82)		(8,854.82)
Other Instruction	1,040.00			(1,040.00)		(1,040.00)
Community Services Programs / Operations	3,330.53			(3,330.53)		(3,330.53)
Support Services:						
Tuition	2,147,270.06			(2,147,270.06)		(2,147,270.06)
Student and Instruction Related Services	267,800.87		23,944.71	(243,856.16)		(243,856.16)
General Administrative Services	131,493.64			(131,493.64)		(131,493.64)
School Administrative Services	57,535.62			(57,535.62)		(57,535.62)
Central Services	58,586.02			(58,586.02)		(58,586.02)
Plant Operations and Maintenance	203,366.45			(203,366.45)		(203,366.45)
Pupil Transportation	70,468.84			(70,468.84)		(70,468.84)
Unallocated Benefits	461,408.73		5,178.13	(456,230.60)		(456,230.60)
Interest on Debt	110,944.39		72,403.00	(38,541.39)		(38,541.39)
<b>Total Governmental Activities</b>	<b>4,646,175.21</b>	<b>\$ -</b>	<b>244,686.94</b>	<b>(4,401,488.27)</b>	<b>\$ -</b>	<b>(4,401,488.27)</b>
<b>Business-Type Activities:</b>						
Food Service	38,286.28	19,051.38	13,560.07		(5,674.83)	(5,674.83)
<b>Total Business-Type Activities</b>	<b>38,286.28</b>	<b>19,051.38</b>	<b>13,560.07</b>	<b>---</b>	<b>(5,674.83)</b>	<b>(5,674.83)</b>
<b>Total Primary Government</b>	<b>\$ 4,684,461.49</b>	<b>\$ 19,051.38</b>	<b>\$ 258,247.01</b>	<b>(4,401,488.27)</b>	<b>(5,674.83)</b>	<b>(4,407,163.10)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, net				2,645,993.00		2,645,993.00
Taxes Levied for Debt Service				140,088.26		140,088.26
Federal and State Aid Not Restricted				1,740,753.96		1,740,753.96
Interest Income				310.18	10.42	320.60
Miscellaneous Income				2,895.35		2,895.35
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>				<b>4,530,040.75</b>	<b>10.42</b>	<b>4,530,051.17</b>
<b>Change in Net Assets</b>				<b>128,552.48</b>	<b>(5,664.41)</b>	<b>122,888.07</b>
<b>Net Assets (Deficit) -- July 1 - Previously Reported</b>				<b>687,628.40</b>	<b>(10,736.48)</b>	<b>676,891.92</b>
<b>Prior Period Adjustment - Note 2</b>				<b>156,290.00</b>		<b>156,290.00</b>
<b>Net Assets (Deficit) -- July 1 - Restated</b>				<b>843,918.40</b>	<b>(10,736.48)</b>	<b>833,181.92</b>
<b>Net Assets (Deficit) -- June 30</b>				<b>\$ 972,470.88</b>	<b>\$ (16,400.89)</b>	<b>\$ 956,069.99</b>

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

FUND FINANCIAL STATEMENTS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 44,615.13		\$ 3,572.54	\$ 0.87	\$ 48,188.54
Capital Reserve Account	1,112.68				1,112.68
Local Tax Levy Receivable	99,850.64				99,850.64
Intergovernmental Accounts Receivable					
Federal		\$ 189,237.00			189,237.00
State	3,919.78				3,919.78
Other Accounts Receivable	1,749.59				1,749.59
Interfund Receivable	188,420.64			4.17	188,424.81
<b>Total Assets</b>	<b>339,668.46</b>	<b>189,237.00</b>	<b>3,572.54</b>	<b>5.04</b>	<b>532,483.04</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	53,094.27				53,094.27
Interfund Payable		157,926.63	865.98		158,792.61
Payable to State Government		1,734.00			1,734.00
Deferred Revenue		29,576.37			29,576.37
<b>Total Liabilities</b>	<b>53,094.27</b>	<b>189,237.00</b>	<b>865.98</b>	<b>-</b>	<b>243,197.25</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Excess Surplus	94,648.51				94,648.51
Capital Reserve Account	1,112.68				1,112.68
Debt Service				5.04	5.04
Capital Projects Fund			2,706.56		2,706.56
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditure	92,555.00				92,555.00
<b>Unassigned:</b>					
General Fund	98,258.00				98,258.00
<b>Total Fund Balances</b>	<b>286,574.19</b>	<b>-</b>	<b>2,706.56</b>	<b>5.04</b>	<b>289,285.79</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 339,668.46</b>	<b>\$ 189,237.00</b>	<b>\$ 3,572.54</b>	<b>\$ 5.04</b>	<b>532,483.04</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,819,285.29 and the accumulated depreciation is \$444,921.43.	3,374,363.86
Accrued interest on bonds payable, is not due and payable in the current Period and therefore are not reported as liabilities in the funds.	(41,410.79)
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.	(2,649,767.98)
<b>Net assets of governmental activities</b>	<b>\$ 972,470.88</b>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 2,645,993.00			\$ 140,088.26	\$ 2,786,081.26
Interest	306.01		\$ 4.17		310.18
Unrestricted Miscellaneous Revenues	2,895.35				2,895.35
Local Sources		\$ 231.78			231.78
State Sources	1,740,753.96			72,403.00	1,813,156.96
Federal Sources		172,052.16			172,052.16
<b>Total Revenues</b>	<b>4,389,948.32</b>	<b>172,283.94</b>	<b>4.17</b>	<b>212,491.26</b>	<b>4,774,727.69</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	720,452.45	143,161.10			863,613.55
Special Education Instruction	126,985.34				126,985.34
Other Special Instruction	8,854.82				8,854.82
Other Instruction	1,040.00				1,040.00
Community Services Programs / Operations	3,330.53				3,330.53
Support Services and Undistributed Costs:					
Tuition	2,147,270.06				2,147,270.06
Student and Instruction Related Services	227,171.62	23,944.71			251,116.33
General Administrative Services	123,151.37				123,151.37
School Administrative Services	53,364.48				53,364.48
Central Services	54,414.88				54,414.88
Plant Operations and Maintenance	203,366.45				203,366.45
Pupil Transportation	70,468.84				70,468.84
Unallocated Benefits	451,494.00	5,178.13			456,672.13
Debt Service:					
Principal				100,000.00	100,000.00
Interest and Other Charges				112,491.26	112,491.26
<b>Total Expenditures</b>	<b>4,191,364.84</b>	<b>172,283.94</b>	<b>-</b>	<b>212,491.26</b>	<b>4,576,140.04</b>
Excess (Deficiency) of Revenues over Expenditures	198,583.48	-	4.17	-	198,587.65
<b>Other Financing Sources (Uses):</b>					
Interest Earned in Capital Projects Fund	-	-	(4.17)	4.17	-
<b>Net Change in Fund Balances</b>	<b>198,583.48</b>	<b>-</b>	<b>-</b>	<b>4.17</b>	<b>198,587.65</b>
Fund Balance -- July 1	87,990.71	-	2,706.56	0.87	90,698.14
<b>Fund Balance -- June 30</b>	<b>\$ 286,574.19</b>	<b>\$ -</b>	<b>\$ 2,706.56</b>	<b>\$ 5.04</b>	<b>\$ 289,285.79</b>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

---

Total Net Change in Fund Balances - Governmental Funds	\$ 198,587.65
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation Expense	(166,845.44)
<p>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.</p>	
	100,000.00
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>	
	1,546.87
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>(4,736.60)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 128,552.48</u></u>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 6,131.75
Accounts Receivable:	
State	35.53
Federal	986.32
	986.32
Total Current Assets	7,153.60
Noncurrent Assets:	
Furniture, Machinery and Equipment	8,792.04
Less Accumulated Depreciation	(7,050.02)
	(7,050.02)
Total Noncurrent Assets	1,742.02
Total Assets	8,895.62
<b>LIABILITIES :</b>	
Current Liabilities:	
Interfund Payable	25,296.51
	25,296.51
Total Current Liabilities	25,296.51
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	1,742.02
Unrestricted Net Assets (Deficit)	(18,142.91)
	(18,142.91)
Total Net Assets (Deficit)	\$ (16,400.89)

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

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

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	\$ 19,051.38
Total Operating Revenues	<u>19,051.38</u>
<b>OPERATING EXPENSES:</b>	
Salaries	3,536.04
Food Costs	34,227.63
Depreciation	<u>522.61</u>
Total Operating Expenses	<u>38,286.28</u>
Operating Income (Loss)	<u>(19,234.90)</u>
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State School Lunch Program	478.29
Federal Sources:	
National School Lunch Program	12,196.56
School Breakfast Program	885.22
Interest and Investment Revenue	<u>10.42</u>
	<u>13,570.49</u>
Change in Net Assets	(5,664.41)
Total Net Assets (Deficit) -- July 1	<u>(10,736.48)</u>
Total Net Assets (Deficit) -- June 30	<u><u>\$ (16,400.89)</u></u>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2011

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 19,051.38
Payments to Suppliers	<u>(34,729.63)</u>
Net Cash Provided by (used for) Operating Activities	<u>(15,678.25)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	486.26
Federal Sources	<u>12,733.21</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>13,219.47</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>10.42</u>
Net Cash Provided by (used for) Investing Activities	<u>10.42</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,448.36)
Balances -- July 1	<u>8,580.11</u>
Balances -- June 30	<u><u>\$ 6,131.75</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (19,234.90)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Depreciation	522.61
Increase (Decrease) in Other Current Liabilities	<u>(502.00)</u>
Total Adjustments	<u>20.61</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (19,214.29)</u></u>

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	<u>Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,551.19	\$ 13,193.12	\$ 56,476.85	\$ 71,221.16
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 13,193.12		13,193.12
Payroll Deductions and Withholdings Due General Fund			\$ 52,141.16 4,335.69	52,141.16 4,335.69
Total Liabilities	---	\$ 13,193.12	\$ 56,476.85	69,669.97
<b>NET ASSETS:</b>				
Held in Trust for Unemployment Claims and Other Purposes	1,551.19			1,551.19
Total Net Assets	\$ 1,551.19			\$ 1,551.19

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

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

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	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ 3.10
DEDUCTIONS:	
Unemployment Claims	1,752.70
Total Deductions	1,752.70
Change in Net Assets	(1,749.60)
Net Assets -- July 1	3,300.79
Net Assets -- June 30	\$ 1,551.19

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity** - The Borough of Laurel Springs School District (hereafter referred to as the "School District") is a Type II district located in the County of Camden, 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. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades kindergarten - six at the School District's one elementary school. The Borough of Laurel Springs School District has an approximate enrollment at June 30, 2011 of 167.

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

**General Fund** - The general fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Proprietary Funds** - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

**Enterprise Funds** - The enterprise funds are used to account for operations:

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. where the School District has decided that periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise fund is:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	15 Years
Trucks and Vehicles	5 - 10 Years

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District has three fiduciary funds, an unemployment compensation trust fund, a student activity fund, and payroll fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus**

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

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

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

**Basis of Accounting**

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School 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 School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Accounting (Cont'd)**

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

**Budgets / Budgetary Control** - Annual appropriated budgets are prepared in the spring of each fiscal 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:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3 includes all amendments to the adopted budget, if any.

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

**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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Encumbrances (Cont'd)** - Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on 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.

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Tuition Receivable** - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Inventories** - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

**Prepaid Expenses** - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<b>Governmental Activities</b> <u>Estimated Lives</u>	<b>Business-Type Activities</b> <u>Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	20-50 Years	N/A
Furniture and Equipment	5-15 Years	12 Years
Vehicles	5-10 Years	4-6 Years

**Accrued Salaries and Wages** - Certain School District employees who provide services to the School 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. As of June 30, 2011, the amounts earned by these employees were disbursed to the employees' own individual accounts.

**Compensated Absences** - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Compensated Absences (Cont'd)** - The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance (Cont'd)**

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

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

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

**Operating and Non-Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**Interfund Activity** - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

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

**Note 2: PRIOR YEAR FINANCIAL STATEMENTS**

**Prior Year Adjustment - Correction of an Error** – During the current year it was discovered that depreciation was accumulated on assets that had already been fully depreciated. The restatement consist recapturing \$156,290.00 of depreciation from prior years.

	<u>Governmental Activities</u>	
	<u>Net Assets</u>	<u>Accumulated Depreciations</u>
Balance July 1, 2010 as Previously Reported	\$ 687,628.40	\$ 434,366.00
Prior Period Adjustment	156,290.00	(156,290.00)
Balance July 1, 2010 Restated	<u>\$ 843,918.40</u>	<u>\$ 278,076.00</u>

**Note 3: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition.

As of June 30, 2011, all of the District's bank balances of \$222,912.28 were insured by the FDIC.

**Note 4: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Laurel Springs School District by inclusion of \$10,000 in October 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

There was no current year activity in the capital reserve account. The balance in the account as of June 30, 2011 was \$1,112.68.

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Total</u></b>
Intergovernmental	\$ 103,770.42	\$ 189,237.00	\$ 1,021.85	\$ 294,029.27
Other	1,749.59			1,749.59
	<u>\$ 105,520.01</u>	<u>\$ 189,237.00</u>	<u>\$ 1,021.85</u>	<u>\$ 295,778.86</u>

**Note 6: CAPITAL ASSETS**

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 6,100.00			\$ 6,100.00
Construction in Process	2,883,427.29		\$ (2,883,427.29)	
Total Capital Assets not being Depreciated	<u>2,889,527.29</u>	<u>\$ -</u>	<u>(2,883,427.29)</u>	<u>6,100.00</u>
Capital Assets, being Depreciated:				
Building and Improvements	808,837.00	2,883,427.29		3,692,264.29
Equipment	120,921.00			120,921.00
Total Capital Assets, being Depreciated	<u>929,758.00</u>	<u>2,883,427.29</u>	<u>-</u>	<u>3,813,185.29</u>
Less Accumulated Depreciation for:				
Building and Improvements	186,828.00	159,588.33		346,416.33
Equipment	91,248.00	7,257.10		98,505.10
Total Accumulated Depreciation	<u>278,076.00</u>	<u>166,845.43</u>	<u>-</u>	<u>444,921.43</u>
Total Capital Assets, being Depreciated, Net	<u>651,682.00</u>	<u>2,716,581.86</u>	<u>(2,883,427.29)</u>	<u>3,368,263.86</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,541,209.29</u>	<u>\$ 2,716,581.86</u>	<u>\$ (5,766,854.58)</u>	<u>\$ 3,374,363.86</u>
<b>Business-Type Activities:</b>				
Total Capital Assets, being Depreciated:				
Equipment	\$ 8,792.04			\$ 8,792.04
Less Accumulated Depreciation	6,527.41	\$ 522.61		7,050.02
Total Business Type Activities Capital Assets, Net	<u>\$ 2,264.63</u>	<u>\$ (522.61)</u>	<u>\$ -</u>	<u>\$ 1,742.02</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 133,476.34
Other Instruction	16,684.54
General and Business Administrative Services	12,513.41
Plant Operations and Maintenance	<u>4,171.14</u>
Total Depreciation Expense	<u>\$ 166,845.43</u>

**Note 7: LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2011</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 2,727,000.00		\$ (100,000.00)	\$ 2,627,000.00	\$ 100,000.00
Compensated Absences	18,031.37	\$ 4,736.61		22,767.98	
	<u>2,745,031.37</u>	<u>\$ 4,736.61</u>	<u>\$ (100,000.00)</u>	<u>\$ 2,649,767.98</u>	<u>\$ 100,000.00</u>
Governmental Activity Long-term Liabilities	<u>\$ 2,745,031.37</u>	<u>\$ 4,736.61</u>	<u>\$ (100,000.00)</u>	<u>\$ 2,649,767.98</u>	<u>\$ 100,000.00</u>

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

On August 15, 2007, the School District issued \$2,927,000.00 general obligation bonds at interest rates varying from 4.125% to 4.250% for construction and renovation projects. The final maturity of these bonds is August 15, 2027. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 100,000.00	\$ 108,366.00	\$ 208,366.00
2013	100,000.00	104,241.00	204,241.00
2014	125,000.00	99,601.00	224,601.00
2015	125,000.00	94,444.00	219,444.00
2016	125,000.00	89,288.00	214,288.00
2017-2021	700,000.00	364,083.00	1,064,083.00
2022-2026	960,000.00	188,700.00	1,148,700.00
2027-2029	392,000.00	16,490.00	408,490.00
	<u>\$ 2,627,000.00</u>	<u>\$ 1,065,213.00</u>	<u>\$ 3,692,213.00</u>

**Bonds Authorized But Not Issued** - As of June 30, 2011, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Note 8: OPERATING LEASES**

At June 30, 2011, the School District had operating lease agreements in effect for copy machines and computers. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2012	\$ 12,613.11
2013	<u>4,904.25</u>
	<u>\$ 17,517.36</u>

Rental payments under operating leases for the fiscal year ended June 30, 2011 were \$12,613.11.

**Note 9: PENSION PLANS**

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

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

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

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

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

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

**Note 9: PENSION PLANS (CONT'D)**

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

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

**Public Employees Retirement System**

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>School District</u>
2011	\$ 5,141.00	\$ 6,844.00	\$ 11,985.00	\$ 11,985.00
2010	3,578.00	4,598.00	8,176.00	8,176.00
2009	4,754.00	5,498.00	10,252.00	10,252.00

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had no employees enrolled in this plan for the year ending June 30, 2011.

**Note 10: POST-RETIREMENT BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire 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 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$3,436.00 and \$72,970.00, respectively.

**Note 12: RISK MANAGEMENT**

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

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

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

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>School District Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2011	None	None	\$ 1,752.70	\$ 1,551.19
2010	None	None	None	3,300.79
2009	\$ 8,000.00	None	10,097.19	3,291.94

**Note 13: DEFERRED COMPENSATION**

The School District offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investments Planning  
AXA/Equitable Life Insurance Co.

**Note 14: COMPENSATED ABSENCES**

The School 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.

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, the liability for compensated absences in the governmental activities was 22,767.98.

**Note 15: INTERFUND BALANCES AND TRANSFERS**

The following interfund balances were recorded on the various balance sheets as June 30, 2011:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 188,420.64	
Special Revenue		\$ 157,926.63
Capital Projects		865.98
Debt	4.17	
Proprietary		25,296.51
Fiduciary		4,335.69
	<u>\$ 188,424.81</u>	<u>\$ 188,424.81</u>

**Note 16: DEFICIT UNRESTRICTED NET ASSETS**

The food service enterprise fund had a deficit in unrestricted net assets of \$16,400.89 as of June 30, 2011.

**Note 17: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$94,648.51.

**Capital Projects Fund** - On August 15, 2007, the School District issued \$2,927,000.00 general obligation bonds for construction and renovation projects. As of June 30, 2011, the restricted fund balance amount was \$2,706.56.

**Debt Service Fund** - As of June 30, 2011, \$5.04 of debt service fund balance was restricted.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund -**

**Designated for Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2012, \$92,555.00 of general fund balance at June 30, 2011.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance in its General Fund as of June 30, 2011 was \$98,258.00.

**Note 18: LITIGATION**

The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,645,993.00		\$ 2,645,993.00	\$ 2,645,993.00	
Interest				306.01	\$ 306.01
Unrestricted Miscellaneous				2,895.35	2,895.35
<b>Total - Local Sources</b>	<u>2,645,993.00</u>	<u>\$ -</u>	<u>2,645,993.00</u>	<u>2,649,194.36</u>	<u>3,201.36</u>
State Sources:					
Equalization Aid	1,540,119.00	(174,068.00)	1,366,051.00	1,366,051.00	
Special Education Aid		174,068.00	174,068.00	174,068.00	
Extraordinary Aid		20,754.00	20,754.00	20,754.00	
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				72,970.00	72,970.00
On-Behalf T.P.A.F. Normal Contributions (non-budgeted)				3,436.00	3,436.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				78,995.96	78,995.96
<b>Total - State Sources</b>	<u>1,540,119.00</u>	<u>20,754.00</u>	<u>1,560,873.00</u>	<u>1,716,274.96</u>	<u>155,401.96</u>
<b>Total Revenues</b>	<u>4,186,112.00</u>	<u>20,754.00</u>	<u>4,206,866.00</u>	<u>4,365,469.32</u>	<u>158,603.32</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool		37,750.00	37,750.00	35,826.93	1,923.07
Kindergarten	51,501.00	23,000.00	74,501.00	74,501.00	
Grades 1-5	365,667.00	49,432.47	415,099.47	415,099.47	
Grades 6-8	106,322.00	(357.92)	105,964.08	105,964.08	
Other Salaries for Instruction	29,030.00	7,517.95	36,547.95	31,094.00	5,453.95
Purchased Professional/Educational Services	7,260.00	(2,240.00)	5,020.00	1,620.85	3,399.15
Purchased Technical Services	3,300.00		3,300.00	2,747.60	552.40
Other Purchased Services	34,533.00		34,533.00	17,695.56	16,837.44

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Regular Programs - Instruction (Cont'd)					
General Supplies	\$ 59,141.00	\$ (16,160.50)	\$ 42,980.50	\$ 34,497.56	\$ 8,482.94
Textbooks	10,000.00	(9,675.00)	325.00		325.00
Other Objects	1,575.00		1,575.00	1,405.40	169.60
	<u>668,329.00</u>	<u>89,267.00</u>	<u>757,596.00</u>	<u>720,452.45</u>	<u>37,143.55</u>
Total Regular Programs					
Multiple Disabilities:					
Salaries of Teachers	49,189.00	6,725.05	55,914.05	55,914.05	
General Supplies	626.00	(500.00)	126.00		126.00
	<u>49,815.00</u>	<u>6,225.05</u>	<u>56,040.05</u>	<u>55,914.05</u>	<u>126.00</u>
Total Multiple Disabilities					
Resource Room/Resource Center					
Salaries of Teachers	151,102.00	(80,326.05)	70,775.95	70,775.95	
General Supplies	582.00	(100.00)	482.00	295.34	186.66
	<u>151,684.00</u>	<u>(80,426.05)</u>	<u>71,257.95</u>	<u>71,071.29</u>	<u>186.66</u>
Total Resource Room/Resource Center					
Total Special Education Instruction					
	<u>201,499.00</u>	<u>(74,201.00)</u>	<u>127,298.00</u>	<u>126,985.34</u>	<u>312.66</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	23,865.00	(14,267.68)	9,597.32	8,854.82	742.50
General Supplies	2,180.00	(2,180.00)			
	<u>26,045.00</u>	<u>(16,447.68)</u>	<u>9,597.32</u>	<u>8,854.82</u>	<u>742.50</u>
Total Basic Skills/Remedial - Instruction					
School Sponsored Cocurricular Activities - Instruction:					
Salaries	-	1,040.00	1,040.00	1,040.00	-
	<u>-</u>	<u>1,040.00</u>	<u>1,040.00</u>	<u>1,040.00</u>	<u>-</u>
Total School Sponsored Cocurricular Activities - Instruction					

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
School Sponsored Athletics - Instruction:					
Salaries	\$ 2,400.00	\$ (1,040.00)	\$ 1,360.00	\$ -	\$ 1,360.00
Total School Sponsored Athletics - Instruction	<u>2,400.00</u>	<u>(1,040.00)</u>	<u>1,360.00</u>	<u>-</u>	<u>1,360.00</u>
Community Services Programs					
Other Purchased Services	3,650.00	-	3,650.00	3,330.53	319.47
Total Community Services Programs	<u>3,650.00</u>	<u>-</u>	<u>3,650.00</u>	<u>3,330.53</u>	<u>319.47</u>
Total Instruction	<u>901,923.00</u>	<u>(1,381.68)</u>	<u>900,541.32</u>	<u>860,663.14</u>	<u>39,878.18</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	2,002,673.00	(22,771.00)	1,979,902.00	1,975,258.00	4,644.00
Tuition to Other LEA's Within State - Special	16,000.00		16,000.00	9,715.48	6,284.52
Tuition to County Vocational - Regular	5,700.00		5,700.00	5,700.00	
Tuition to Private Schools for the Disabled - Within State	187,598.00	4,504.97	192,102.97	133,825.58	58,277.39
Tuition to Private Schools for the Disabled - State Facilities		22,771.00	22,771.00	22,771.00	
Total Undistributed Expenditures - Instruction	<u>2,211,971.00</u>	<u>4,504.97</u>	<u>2,216,475.97</u>	<u>2,147,270.06</u>	<u>69,205.91</u>
Undistributed Expenditures - Attendance & Social Work					
Purchased Professional and Technical Services	400.00	(26.29)	373.71	-	373.71
Total Undistributed Expenditures - Attendance and Social Work	<u>400.00</u>	<u>(26.29)</u>	<u>373.71</u>	<u>-</u>	<u>373.71</u>
Undistributed Expenditures - Health Services:					
Salaries	58,974.00	(50.00)	58,924.00	58,874.00	50.00
Purchased Professional and Technical Services	2,435.00	(1,037.29)	1,397.71		1,397.71
General Supplies	1,231.00	1,087.29	2,318.29	1,454.79	863.50
Total Undistributed Expenditures - Health Services	<u>62,640.00</u>	<u>-</u>	<u>62,640.00</u>	<u>60,328.79</u>	<u>2,311.21</u>

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	\$ 14,850.00	\$ 51.00	\$ 14,901.00	\$ 14,630.00	\$ 271.00
Purchased Professional/Educational Services	59,160.00	540.09	59,700.09	31,861.94	27,838.15
General Supplies	486.00	(51.00)	435.00		435.00
	<u>74,496.00</u>	<u>540.09</u>	<u>75,036.09</u>	<u>46,491.94</u>	<u>28,544.15</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services					
	<u>74,496.00</u>	<u>540.09</u>	<u>75,036.09</u>	<u>46,491.94</u>	<u>28,544.15</u>
Undistributed Expenditures - Special Education -					
Extraordinary Services					
Purchased Prof & Educational Services	51,342.00	(323.09)	51,018.91	32,805.00	18,213.91
	<u>51,342.00</u>	<u>(323.09)</u>	<u>51,018.91</u>	<u>32,805.00</u>	<u>18,213.91</u>
Total Undistributed Expenditures - Special Education -					
Extraordinary Services					
	<u>51,342.00</u>	<u>(323.09)</u>	<u>51,018.91</u>	<u>32,805.00</u>	<u>18,213.91</u>
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries of Other Professional Staff	27,115.00	(2,653.00)	24,462.00	17,207.31	7,254.69
General Supplies	1,929.00		1,929.00	1,116.67	812.33
	<u>29,044.00</u>	<u>(2,653.00)</u>	<u>26,391.00</u>	<u>18,323.98</u>	<u>8,067.02</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Regular					
	<u>29,044.00</u>	<u>(2,653.00)</u>	<u>26,391.00</u>	<u>18,323.98</u>	<u>8,067.02</u>
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	52,754.00	(4,474.18)	48,279.82	46,618.13	1,661.69
Purchased Professional/Educational Services	14,134.00	4,090.18	18,224.18	18,224.18	
General Supplies	1,569.00		1,569.00	1,155.24	413.76
	<u>68,457.00</u>	<u>(384.00)</u>	<u>68,073.00</u>	<u>65,997.55</u>	<u>2,075.45</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Special:					
	<u>68,457.00</u>	<u>(384.00)</u>	<u>68,073.00</u>	<u>65,997.55</u>	<u>2,075.45</u>

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Purchased Professional/Educational Services	\$ 300.00	\$ 523.45	\$ 823.45	\$ 823.45	\$ -
Total Undistributed Expenditures - Improvement of Instruction Services	300.00	523.45	823.45	823.45	-
Undistributed Expend. - Educational Media Services / School Library:					
Purchased Professional and Technical Services	649.00		649.00		649.00
Other Purchased Services	2,113.00		2,113.00		2,113.00
General Supplies	2,500.00		2,500.00	2,234.91	265.09
Total Undistributed Expend. - Educational Media Services / School Library	5,262.00	-	5,262.00	2,234.91	3,027.09
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	900.00	(523.45)	376.55		376.55
Other Purchased Services	3,130.00	(98.00)	3,032.00	68.00	2,964.00
Travel		98.00	98.00	98.00	
Supplies and Materials	500.00		500.00		500.00
Total Undistributed Expenditures - Instructional Staff Training Services:	4,530.00	(523.45)	4,006.55	166.00	3,840.55
Undistributed Expenditures - Support Services - General Administration:					
Salaries	79,836.00	3,112.48	82,948.48	82,842.84	105.64
Purchased Professional and Technical Services	17,140.00		17,140.00	15,687.94	1,452.06
Other Purchased Services	24,061.00	(2,599.48)	21,461.52	20,914.78	546.74
Supplies and Materials	2,815.00	(435.70)	2,379.30	321.28	2,058.02
Other Objects	9,940.00	(2,075.37)	7,864.63	3,384.53	4,480.10
Total Undistributed Expenditures - Support Services - General Administration	133,792.00	(1,998.07)	131,793.93	123,151.37	8,642.56

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	\$ 22,834.00	\$ 3,043.81	\$ 25,877.81	\$ 25,877.81	
Salaries of Other Professional Staff	1,880.00	30.00	1,910.00	1,910.00	
Salaries of Secretarial and Clerical Assistants	19,003.00	(41.00)	18,962.00	18,957.41	\$ 4.59
Other Salaries	859.00		859.00	824.00	35.00
General Supplies	5,400.00	(948.74)	4,451.26	4,451.26	
Other Objects	1,050.00	294.00	1,344.00	1,344.00	
Total Undistributed Expenditures - Support Services - School Administration	<u>51,026.00</u>	<u>2,378.07</u>	<u>53,404.07</u>	<u>53,364.48</u>	<u>39.59</u>
Undistributed Expenditures - Central Services					
Salaries	37,467.00	(628.92)	36,838.08	36,838.08	
Salaries of Secretarial and Clerical Assistants	4,082.00	(8.96)	4,073.04	4,073.04	
Purchased Professional Services	13,942.00	(1,131.06)	12,810.94	9,942.83	2,868.11
Supplies and Materials	2,050.00	1,410.93	3,460.93	3,460.93	
Miscellaneous Expenditures	425.00	(279.99)	145.01	100.00	45.01
Total Undistributed Expenditures - Central Services	<u>57,966.00</u>	<u>(638.00)</u>	<u>57,328.00</u>	<u>54,414.88</u>	<u>2,913.12</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	61,317.00		61,317.00	60,722.35	594.65
General Supplies	3,000.00		3,000.00	1,849.56	1,150.44
Total Undistributed Expenditures - Allowable Maintenance for School Facilities	<u>64,317.00</u>	<u>-</u>	<u>64,317.00</u>	<u>62,571.91</u>	<u>1,745.09</u>

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries of Secretarial and Clerical Assistants	\$ 8,144.00	\$ (19.00)	\$ 8,125.00	\$ 8,124.59	\$ 0.41
Other Purchased Professional and Technical Services	1,500.00		1,500.00		1,500.00
Cleaning, Repair, and Maintenance Services	55,429.00		55,429.00	53,969.77	1,459.23
Other Purchased Property	7,170.00		7,170.00	5,274.91	1,895.09
Insurance	8,461.00	595.00	9,056.00	9,056.00	
General Supplies	11,000.00	(595.00)	10,405.00	5,030.57	5,374.43
Energy (Heat and Electricity)	61,000.00		61,000.00	59,338.70	1,661.30
Other Objects	185.00		185.00		185.00
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	<u>152,889.00</u>	<u>(19.00)</u>	<u>152,870.00</u>	<u>140,794.54</u>	<u>12,075.46</u>
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Trans Program	1,545.00		1,545.00		1,545.00
Contracted Services - (Other Than Between Home and School) - Vendors		8,099.00	8,099.00	8,010.00	89.00
Contracted Services (Special Education Students) - Vendors	4,429.00	(2,557.84)	1,871.16		1,871.16
Contracted Services (Special Education Students) - ESCs & CTSA's	68,000.00	(5,541.16)	62,458.84	62,458.84	
Miscellaneous Purchased Services - Transportation	200.00		200.00		200.00
Total Undistributed Expenditures - Student Transportation Services	<u>74,174.00</u>	<u>-</u>	<u>74,174.00</u>	<u>70,468.84</u>	<u>3,705.16</u>
Undistributed Expenditures - Personnel Services - Employee Benefits					
Unallocated Benefits:					
Social Security Contributions	20,712.00		20,712.00	10,062.57	10,649.43
Other Retirement Contributions - Regular	12,360.00		12,360.00	11,985.00	375.00
Unemployment Compensation	3,090.00		3,090.00		3,090.00
Workman's Compensation	15,647.00		15,647.00	14,299.00	1,348.00
Health Benefits	268,623.00		268,623.00	251,679.18	16,943.82
Tuition Reimbursement	6,000.00	136.50	6,136.50	6,136.50	
Other Employee Benefits	10,591.00	(136.50)	10,454.50	1,929.79	8,524.71
Total Unallocated Benefits	<u>337,023.00</u>	<u>-</u>	<u>337,023.00</u>	<u>296,092.04</u>	<u>40,930.96</u>

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				\$ 72,970.00	\$ (72,970.00)
On-Behalf T.P.A.F. Normal Contributions (non-budgeted)				3,436.00	(3,436.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				78,995.96	(78,995.96)
Total On-behalf Contributions	\$ -	\$ -	\$ -	155,401.96	(155,401.96)
Total Undistributed Expenditures	3,379,629.00	1,381.68	3,381,010.68	3,330,701.70	50,308.98
Total Current Expense	4,281,552.00	-	4,281,552.00	4,191,364.84	90,187.16
Total Expenditures	4,281,552.00	-	4,281,552.00	4,191,364.84	90,187.16
<b>Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,440.00)	20,754.00	(74,686.00)	174,104.48	248,790.48
Fund Balances, July 1	264,211.71	-	264,211.71	264,211.71	-
Fund Balances, June 30	\$ 168,771.71	\$ 20,754.00	\$ 189,525.71	\$ 438,316.19	\$ 248,790.48
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 1,112.68	
Excess Surplus (2010-11)				94,648.51	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				92,555.00	
Unassigned Fund Balance				250,000.00	
				438,316.19	
Reconciliation to Governmental Funds Statements (GAAP):					
Last 10-11 State Aid Payments Not Recognized on GAAP Basis				(151,742.00)	
				<u>\$ 286,574.19</u>	

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2011

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	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:	\$ -	\$ 2,061.97	\$ 2,061.97	\$ 231.78	\$ (1,830.19)
Federal Sources:					
Title I	26,845.00	(416.66)	26,428.34	21,989.54	(4,438.80)
A.R.R.A. - Title I	4,945.00	(1,753.12)	3,191.88	2,545.88	(646.00)
Title IIA	8,117.00	14,151.66	22,268.66	19,515.24	(2,753.42)
Title IID	190.00	92.00	282.00	282.00	
Title IV	432.00	(432.00)			
I.D.E.A., Part B	59,662.00	14,404.00	74,066.00	73,676.34	(389.66)
A.R.R.A. - I.D.E.A., Part B	58,513.00	7,276.68	65,789.68	61,865.52	(3,924.16)
I.D.E.A., Part B, Preschool Incentive	2,124.00	929.42	3,053.42	2,741.25	(312.17)
A.R.R.A - I.D.E.A., Part B, Preschool Incentive	<u>2,116.00</u>	<u>(2,054.40)</u>	<u>61.60</u>	<u>61.60</u>	
Total - Federal Sources	<u>162,944.00</u>	<u>32,197.58</u>	<u>195,141.58</u>	<u>182,677.37</u>	<u>(12,464.21)</u>
Total Revenues	<u>162,944.00</u>	<u>34,259.55</u>	<u>197,203.55</u>	<u>182,909.15</u>	<u>(14,294.40)</u>

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 102,660.00	\$ (54,795.00)	\$ 47,865.00	\$ 47,865.00	
Purchased Professional - Technical Services	59,662.00	28,969.00	88,631.00	87,985.00	\$ 646.00
General Supplies		13,003.57	13,003.57	11,156.46	1,847.11
Misellaneous		200.00	200.00	200.00	
Total Instruction	<u>162,322.00</u>	<u>(12,622.43)</u>	<u>149,699.57</u>	<u>147,206.46</u>	<u>2,493.11</u>
Support Services:					
Salaries Personal Services	432.00	5,847.00	6,279.00	6,279.00	
Personal Services - Employee Benefits		13,685.34	13,685.34	6,661.10	7,024.24
Other Purchased Services (400-500 series)	190.00	22,816.00	23,006.00	19,180.00	3,826.00
Supplies and Materials		4,533.64	4,533.64	3,582.59	951.05
Total Support Services	<u>622.00</u>	<u>46,881.98</u>	<u>47,503.98</u>	<u>35,702.69</u>	<u>11,801.29</u>
Total Expenditures	<u>162,944.00</u>	<u>34,259.55</u>	<u>197,203.55</u>	<u>182,909.15</u>	<u>14,294.40</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 4,365,469.32	\$ 182,909.15
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(10,625.21)
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)	176,221.00	
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>(151,742.00)</u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,389,948.32</u>	<u>\$ 172,283.94</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,191,364.84	\$ 182,909.15
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(10,625.21)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 4,191,364.84</u>	<u>\$ 172,283.94</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	<u>Total</u>	<u>NJ Veterinary Medical Assoc. Education</u>	<u>Title I</u>	<u>A.R.R.A - Title I</u>	<u>Title II Part A</u>	<u>Total Brought Forward</u>
<b>REVENUES:</b>						
Local Sources	\$ 231.78	\$ 231.78				
Federal Sources	182,677.37		\$ 21,989.54	\$ 2,545.88	\$ 19,515.24	\$ 138,626.71
<b>Total Revenues</b>	<b>\$ 182,909.15</b>	<b>\$ 231.78</b>	<b>\$ 21,989.54</b>	<b>\$ 2,545.88</b>	<b>\$ 19,515.24</b>	<b>\$ 138,626.71</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ 47,865.00		\$ 16,560.00	\$ 1,000.00	\$ 13,855.00	\$ 16,450.00
Purchased Professional - Technical Services	87,985.00			745.00		87,240.00
General Supplies	11,156.46	\$ 231.78	766.00	64.00		10,094.68
Misellaneous	200.00			200.00		
<b>Total Instruction</b>	<b>147,206.46</b>	<b>231.78</b>	<b>17,326.00</b>	<b>2,009.00</b>	<b>13,855.00</b>	<b>113,784.68</b>
<b>Support Services:</b>						
Salaries Personal Services	6,279.00		1,777.00		2,260.00	2,242.00
Personal Services - Employee Benefits	6,661.10		2,684.54	76.45	2,359.24	1,540.87
Other Purchased Services (400-500 series)	19,180.00		202.00	309.00	1,041.00	17,628.00
Supplies and Materials	3,582.59			151.43		3,431.16
<b>Total Support Services</b>	<b>35,702.69</b>	<b>-</b>	<b>4,663.54</b>	<b>536.88</b>	<b>5,660.24</b>	<b>24,842.03</b>
<b>Total Expenditures</b>	<b>\$ 182,909.15</b>	<b>\$ 231.78</b>	<b>\$ 21,989.54</b>	<b>\$ 2,545.88</b>	<b>\$ 19,515.24</b>	<b>\$ 138,626.71</b>

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

	Total Carried Forward	Title II, Part D	I.D.E.I.A. Part B Basic	A.R.R.A. - I.D.E.I.A. Part B Basic	I.D.E.I.A. Preschool	A.R.R.A. - I.D.E.I.A. Preschool
<b>REVENUES:</b>						
Local Sources						
Federal Sources	\$138,626.71	\$282.00	\$73,676.34	\$61,865.52	\$2,741.25	\$61.60
<b>Total Revenues</b>	<b><u>\$138,626.71</u></b>	<b><u>\$282.00</u></b>	<b><u>\$73,676.34</u></b>	<b><u>\$61,865.52</u></b>	<b><u>\$2,741.25</u></b>	<b><u>\$61.60</u></b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$16,450.00			\$13,950.00	\$2,500.00	
Purchased Professional - Technical Services	87,240.00		\$71,857.00	15,383.00		
General Supplies	10,094.68			9,983.08	50.00	\$61.60
Misellaneous						
<b>Total Instruction</b>	<b><u>113,784.68</u></b>	<b><u>-</u></b>	<b><u>71,857.00</u></b>	<b><u>39,316.08</u></b>	<b><u>2,550.00</u></b>	<b><u>61.60</u></b>
<b>Support Services:</b>						
Salaries Personal Services	2,242.00		1,587.00	655.00		
Personal Services - Employee Benefits	1,540.87		232.34	1,117.28	191.25	
Other Purchased Services (400-500 series)	17,628.00	\$282.00		17,346.00		
Supplies and Materials	3,431.16			3,431.16		
<b>Total Support Services</b>	<b><u>24,842.03</u></b>	<b><u>282.00</u></b>	<b><u>1,819.34</u></b>	<b><u>22,549.44</u></b>	<b><u>191.25</u></b>	<b><u>-</u></b>
<b>Total Expenditures</b>	<b><u>\$138,626.71</u></b>	<b><u>\$282.00</u></b>	<b><u>\$73,676.34</u></b>	<b><u>\$61,865.52</u></b>	<b><u>\$2,741.25</u></b>	<b><u>\$61.60</u></b>

CAPITAL PROJECTS FUND

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Statement of Project Expenditures  
 For the Fiscal Year Ended June 30, 2011

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2011</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Renovations and Improvement to Laurel Springs Elementary School	12/12/2006	<u>\$ 2,927,000.00</u>	<u>\$ 2,924,293.44</u>	<u>\$ -</u>	<u>\$ 2,706.56</u>
Unreserved					<u>\$ 2,706.56</u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**

Summary Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 For the Fiscal Year Ended June 30, 2011

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**Revenues and Other Financing Sources**

Interest Income	<u>\$ 4.17</u>
-----------------	----------------

**Expenditures and Other Financing Uses**

Operating Transfers Out	<u>(4.17)</u>
Change in Fund Balance	-
Fund Balance - July 1	<u>2,706.56</u>
Fund Balance - June 30	<u><u>\$ 2,706.56</u></u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 Renovations and Improvements to Laurel Springs Elementary School  
 From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	<u>\$ 2,927,000.00</u>	<u>\$ -</u>	<u>\$ 2,927,000.00</u>	<u>\$ 2,927,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased and Professional and Technical Services	561,593.10		561,593.10	600,000.00
Construction Services	2,321,834.19		2,321,834.19	2,327,000.00
Residual Equity Transfer	<u>40,866.15</u>		<u>40,866.15</u>	
Total Expenditures	<u>2,924,293.44</u>	<u>-</u>	<u>2,924,293.44</u>	<u>2,927,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,706.56</u>	<u>\$ -</u>	<u>\$ 2,706.56</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	12/12/2006
Bonds Authorized	\$ 2,927,000.00
Bonds Issued	2,927,000.00
Original Authorized Cost	2,927,000.00
Additional Authorized Cost	-
Revised Authorized Cost	2,927,000.00
Percentage Increase over Original Authorized Cost	-
Percentage Completion	100.0%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Net Assets  
June 30, 2011

	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 6,131.75
Accounts Receivable:	
State	35.53
Federal	<u>986.32</u>
Total Current Assets	<u>7,153.60</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	8,792.04
Less Accumulated Depreciation	<u>(7,050.02)</u>
Total Noncurrent Assets	<u>1,742.02</u>
Total Assets	<u>8,895.62</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Interfund Payable	<u>25,296.51</u>
Total Current Liabilities	<u>25,296.51</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	1,742.02
Unrestricted Net Assets (Deficit)	<u>(18,142.91)</u>
Total Net Assets (Deficit)	<u><u>\$ (16,400.89)</u></u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
 For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales	\$ 19,051.38
Total Operating Revenues	<u>19,051.38</u>
<b>OPERATING EXPENSES:</b>	
Salaries	3,536.04
Food Costs	34,227.63
Depreciation	<u>522.61</u>
Total Operating Expenses	<u>38,286.28</u>
Operating Income / (Loss)	<u>(19,234.90)</u>
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State School Lunch Program	478.29
Federal Sources:	
National School Lunch Program	12,196.56
School Breakfast Program	885.22
Interest and Investment Revenue	<u>10.42</u>
Total Nonoperating Revenues	<u>13,570.49</u>
Change in Net Assets	(5,664.41)
Net Assets (Deficit) -- July 1	<u>(10,736.48)</u>
Net Assets (Deficit) -- June 30	<u><u>\$ (16,400.89)</u></u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 19,051.38
Payments to Suppliers	<u>(34,729.63)</u>
Net Cash Provided by (used for) Operating Activities	<u>(15,678.25)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State Sources	486.26
Federal Sources	<u>12,733.21</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>13,219.47</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on Deposits	<u>10.42</u>
Net Cash Provided by (used for) Investing Activities	<u>10.42</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,448.36)
Cash and Cash Equivalents -- July 1	<u>8,580.11</u>
Cash and Equivalents -- June 30	<u><u>\$ 6,131.75</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (19,234.90)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	522.61
Increase (Decrease) in Interfund Payable	3,536.04
Increase (Decrease) in Other Current Liabilities	<u>(502.00)</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (15,678.25)</u></u>

FIDUCIARY FUNDS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2011

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,551.19	\$ 13,193.12	\$ 56,476.85	\$ 71,221.16
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 13,193.12		13,193.12
Payroll Deductions and Withholdings Due General Fund			\$ 52,141.16 4,335.69	52,141.16 4,335.69
Total Liabilities	-	\$ 13,193.12	\$ 56,476.85	69,669.97
<b>NET ASSETS:</b>				
Held in Trust for Unemployment Claims and Other Purposes	1,551.19			1,551.19
Total Net Assets	\$ 1,551.19			\$ 1,551.19

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Assets  
 For the Fiscal Year Ended June 30, 2011

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	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Investment Earnings: Interest	\$ 3.10
DEDUCTIONS:	
Unemployment Claims	1,752.70
Total Deductions	1,752.70
Change in Net Assets	(1,749.60)
Net Assets -- July 1	3,300.79
Net Assets -- June 30	\$ 1,551.19

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Fiduciary Funds  
Student Activity Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2011

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	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
ELEMENTARY SCHOOLS:				
Laurel Springs	<u>\$ 11,652.67</u>	<u>\$ 8,514.52</u>	<u>\$ 6,974.07</u>	<u>\$ 13,193.12</u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2011

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	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 29,796.97	\$ 1,285,862.15	\$ 1,259,182.27	\$ 56,476.85
Total Assets	<u>\$ 29,796.97</u>	<u>\$ 1,285,862.15</u>	<u>\$ 1,259,182.27</u>	<u>\$ 56,476.85</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 25,648.94	\$ 1,285,674.49	\$ 1,259,182.27	\$ 52,141.16
Interfund	<u>4,148.03</u>	<u>187.66</u>	<u></u>	<u>4,335.69</u>
Total Liabilities	<u>\$ 29,796.97</u>	<u>\$ 1,285,862.15</u>	<u>\$ 1,259,182.27</u>	<u>\$ 56,476.85</u>

## LONG-TERM DEBT

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
School District	8-15-07	\$ 2,927,000.00	8-15-11	\$ 100,000.00	4.125%				
			8-15-12	100,000.00	4.125%				
			8-15-13	125,000.00	4.125%				
			8-15-14	125,000.00	4.125%				
			8-15-15	125,000.00	4.125%				
			8-15-16	125,000.00	4.125%				
			8-15-17	125,000.00	4.125%				
			8-15-18	150,000.00	4.125%				
			8-15-19	150,000.00	4.250%				
			8-15-20	150,000.00	4.250%				
			8-15-21	160,000.00	4.250%				
			8-15-22	200,000.00	4.250%				
			8-15-23	200,000.00	4.250%				
			8-15-24	200,000.00	4.250%				
			8-15-25	200,000.00	4.250%				
			8-15-26	200,000.00	4.250%				
			8-15-27	192,000.00	4.250%				
				<u>2,627,000.00</u>		<u>\$ 2,727,000.00</u>	<u>\$ -</u>	<u>\$ 100,000.00</u>	<u>\$ 2,627,000.00</u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 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>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 140,088.00		\$ 140,088.00	\$ 140,088.26	\$ 0.26
Debt Service Aid Type II	<u>72,403.00</u>		<u>72,403.00</u>	<u>72,403.00</u>	
Total Revenues	<u>212,491.00</u>	<u>\$ -</u>	<u>212,491.00</u>	<u>212,491.26</u>	<u>0.26</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	112,492.00		112,492.00	112,491.26	0.74
Redemption of Principal	<u>100,000.00</u>		<u>100,000.00</u>	<u>100,000.00</u>	
Total Regular Debt Service	<u>212,492.00</u>	<u>-</u>	<u>212,492.00</u>	<u>212,491.26</u>	<u>0.74</u>
Total Expenditures	<u>212,492.00</u>	<u>-</u>	<u>212,492.00</u>	<u>212,491.26</u>	<u>0.74</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)	-	(1.00)	-	1.00
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund				<u>4.17</u>	<u>\$ 4.17</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(1.00)</u>	<u>-</u>	<u>(1.00)</u>	<u>4.17</u>	<u>5.17</u>
Fund Balance, July 1	<u>0.87</u>	<u>-</u>	<u>0.87</u>	<u>0.87</u>	
Fund Balance, June 30	<u>\$ (0.13)</u>	<u>\$ -</u>	<u>\$ (0.13)</u>	<u>\$ 5.04</u>	<u>\$ 5.17</u>

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that Exhibits J-1, J-2 and J-3 are only presented for the last eight fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2004; thus, ten year comparative financial information is unavailable.

**Borough of Laurel Springs School District**  
 Net Assets by Component  
 Last Eight Fiscal Years (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ending June 30,</u>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 747,363.86	\$ 657,919.29	\$ 481,715.85	\$ (862,245.39)	\$ 799,980.00	\$ 605,344.00	\$ 587,743.00	\$ 585,547.00
Restricted	2,711.60	99,260.11	296,269.24	1,604,600.65	(94,872.00)	200,593.00	207,797.00	169,667.00
Unrestricted (Deficit)	222,395.42	(69,551.00)	39,199.15	148,136.20	104,391.00	(217.00)	5,916.00	84,855.00
<b>Total Governmental Activities Net Assets</b>	<b>\$ 972,470.88</b>	<b>\$ 687,628.40</b>	<b>\$ 817,184.24</b>	<b>\$ 890,491.46</b>	<b>\$ 809,499.00</b>	<b>\$ 805,720.00</b>	<b>\$ 801,456.00</b>	<b>\$ 840,069.00</b>
<b>Business-type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 1,742.02	\$ 2,264.63			\$ 248.00	\$ 763.00	\$ 1,278.00	\$ 1,793.00
Restricted								
Unrestricted (Deficit)	(18,142.91)	(13,001.11)	\$ (7,300.99)	\$ (6,211.38)	(5,740.00)	(3,925.00)	(4,030.00)	(258.00)
<b>Total Business-type Activities Net Assets</b>	<b>\$ (16,400.89)</b>	<b>\$ (10,736.48)</b>	<b>\$ (7,300.99)</b>	<b>\$ (6,211.38)</b>	<b>\$ (5,492.00)</b>	<b>\$ (3,162.00)</b>	<b>\$ (2,752.00)</b>	<b>\$ 1,535.00</b>
<b>District-wide</b>								
Invested in Capital Assets, Net of Related Debt	\$ 749,105.88	\$ 660,183.92	\$ 481,715.85	\$ (862,245.39)	\$ 800,228.00	\$ 606,107.00	\$ 589,021.00	\$ 587,340.00
Restricted	2,711.60	99,260.11	296,269.24	1,604,600.65	(94,872.00)	200,593.00	207,797.00	169,667.00
Unrestricted (Deficit)	204,252.51	(82,552.11)	31,898.16	141,924.82	98,651.00	(4,142.00)	1,886.00	84,597.00
<b>Total District-wide Net Assets</b>	<b>\$ 956,069.99</b>	<b>\$ 676,891.92</b>	<b>\$ 809,883.25</b>	<b>\$ 884,280.08</b>	<b>\$ 804,007.00</b>	<b>\$ 802,558.00</b>	<b>\$ 798,704.00</b>	<b>\$ 841,604.00</b>

Source: District Records (Exhibit A-1)

**Borough of Laurel Springs School District**  
 Changes in Net Assets  
 Last Eight Fiscal Years (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ending June 30,</u>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>								
Governmental Activities								
Instruction								
Regular	\$ 988,747.63	\$ 632,934.79	\$ 845,266.56	\$ 796,263.28	\$ 986,390.00	\$ 898,593.00	\$ 864,599.00	\$ 836,569.00
Special Education	135,327.61	160,139.01	149,450.10	146,717.60	144,195.00	88,530.00	89,766.00	90,815.00
Other Special Education	8,854.82	38,048.35	41,545.40	25,151.40	51,164.00	56,904.00	42,341.00	68,153.00
Other Instruction	1,040.00	3,412.00	4,412.00	6,257.00	2,126.00	2,652.00	4,175.00	3,042.00
Community Services Programs / Operations	3,330.53	3,042.93	3,783.49	1,611.37	4,400.00	3,400.00		
Support Services:								
Tuition	2,147,270.06	2,389,646.57	2,314,422.27	2,147,623.22	2,216,056.00	1,971,416.00	1,858,218.00	1,762,064.00
Student & Instruction Related Services	267,800.87	261,765.82	211,607.33	220,567.58	276,981.00	260,879.00	224,903.00	185,005.00
General Administrative Services	131,493.64	135,377.96	145,933.33	131,364.25	168,427.00	153,995.00		
School Administrative Services	57,535.62	71,527.21	68,520.06	66,324.32	84,159.00	69,234.00	32,110.00	62,901.00
Business Administrative Services	58,586.02	59,009.79	58,246.89	53,213.83	53,706.00	53,261.00	206,919.00	215,327.00
Plant Operations and Maintenance	203,366.45	223,838.92	246,127.54	177,349.52	233,817.00	228,199.00	178,121.00	150,413.00
Pupil Transportation	70,468.84	68,863.02	72,561.53	78,902.15	112,726.00	119,446.00	89,992.00	64,512.00
Interest on Long-term Debt	461,408.73	115,069.12	226,647.67	18,750.00				
Unallocated Benefits	110,944.39	434,259.79	426,251.59	511,226.73				
<b>Total Governmental Activities Expenses</b>	<b>4,646,175.21</b>	<b>4,596,935.28</b>	<b>4,814,775.76</b>	<b>4,381,322.25</b>	<b>4,334,147.00</b>	<b>3,906,509.00</b>	<b>3,591,144.00</b>	<b>3,438,801.00</b>
Business-type Activities:								
Food Service	38,286.28	33,935.04	33,303.75	32,257.13	30,742.00	32,982.00	29,669.00	29,609.00
<b>Total Business-type Activities Expense</b>	<b>38,286.28</b>	<b>33,935.04</b>	<b>33,303.75</b>	<b>32,257.13</b>	<b>30,742.00</b>	<b>32,982.00</b>	<b>29,669.00</b>	<b>29,609.00</b>
<b>Total District Expenses</b>	<b>\$ 4,684,461.49</b>	<b>\$ 4,630,870.32</b>	<b>\$ 4,848,079.51</b>	<b>\$ 4,413,579.38</b>	<b>\$ 4,364,889.00</b>	<b>\$ 3,939,491.00</b>	<b>\$ 3,620,813.00</b>	<b>\$ 3,468,410.00</b>

(Continued)

**Borough of Laurel Springs School District**  
 Changes in Net Assets  
 Last Eight Fiscal Years (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ending June 30,</u>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Program Revenues</b>								
Governmental Activities:								
Charges for Services:								
Operating Grants and Contributions	\$ 244,686.94	\$ 218,525.41	\$ 229,002.02	\$ 144,226.43	\$ 169,277.00	\$ 176,684.00	\$ 162,880.00	\$ 157,123.00
Total Governmental Activities Program Revenues	244,686.94	218,525.41	229,002.02	144,226.43	169,277.00	176,684.00	162,880.00	157,123.00
Business-type activities:								
Charges for Services:								
Food Service	19,051.38	19,400.35	18,917.65	19,370.00	15,694.00	18,672.00	16,231.00	14,639.00
Operating Grants and Contributions	13,560.07	11,059.17	13,257.36	11,910.86	12,278.00	13,609.00	9,151.00	9,515.00
Total Business-type Activities Program Revenues	32,611.45	30,459.52	32,175.01	31,280.86	27,972.00	32,281.00	25,382.00	24,154.00
Total District Program Revenues	\$ 277,298.39	\$ 248,984.93	\$ 261,177.03	\$ 175,507.29	\$ 197,249.00	\$ 208,965.00	\$ 188,262.00	\$ 181,277.00
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (4,401,488.27)	\$ (4,378,409.87)	\$ (4,585,773.74)	\$ (4,237,095.82)	\$ (4,164,870.00)	\$ (3,729,825.00)	\$ (3,428,264.00)	\$ (3,281,678.00)
Business-type Activities	(5,674.83)	(3,475.52)	(1,128.74)	(976.27)	(2,770.00)	(701.00)	(4,287.00)	(5,455.00)
Total District-wide Net Expense	\$ (4,407,163.10)	\$ (4,381,885.39)	\$ (4,586,902.48)	\$ (4,238,072.09)	\$ (4,167,640.00)	\$ (3,730,526.00)	\$ (3,432,551.00)	\$ (3,287,133.00)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 2,645,993.00	\$ 2,527,750.00	\$ 2,551,598.00	\$ 2,520,291.00	\$ 2,473,606.00	\$ 2,068,783.00	\$ 1,844,200.00	\$ 1,887,639.00
Property Taxes Levied for Debt Service	140,088.26	128,533.00	119,044.00	20,000.00				
Federal and State Aid Not Restricted	1,740,753.96	1,583,538.15	1,837,505.76	1,700,677.59	1,640,261.00	1,561,346.00	1,535,550.00	1,486,908.00
Investment Earnings	310.18	1,041.96	11,093.17	67,132.07	25,378.00	6,983.00	7,246.00	1,382.00
Miscellaneous Income	2,895.35	7,990.92	3,419.69	32,533.08	29,404.00	96,977.00	2,655.00	2,063.00
Cancelation of Prior Year Receivable			(10,194.10)	(22,544.56)				
Total Governmental Activities	4,530,040.75	4,248,854.03	4,512,466.52	4,318,089.18	4,168,649.00	3,734,089.00	3,389,651.00	3,377,992.00
Business-type Activities:								
Investment Earnings	10.42	40.03	39.13	256.83	440.00	291.00		
Total Business-type Activities	10.42	40.03	39.13	256.83	440.00	291.00	-	-
Total District-wide	\$ 4,530,051.17	\$ 4,248,894.06	\$ 4,512,505.65	\$ 4,318,346.01	\$ 4,169,089.00	\$ 3,734,380.00	\$ 3,389,651.00	\$ 3,377,992.00

(Continued)

**Borough of Laurel Springs School District**  
 Changes in Net Assets  
 Last Eight Fiscal Years (accrual basis of accounting)  
 Unaudited

	<u>Fiscal Year Ending June 30,</u>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 128,552.48	\$ (129,555.84)	\$ (73,307.22)	\$ 80,993.36	\$ 3,779.00	\$ 4,264.00	\$ (38,613.00)	\$ 96,314.00
Business-type Activities	(5,664.41)	(3,435.49)	(1,089.61)	(719.44)	(2,330.00)	(410.00)	(4,287.00)	(5,455.00)
Total District	<u>\$ 122,888.07</u>	<u>\$ (132,991.33)</u>	<u>\$ (74,396.83)</u>	<u>\$ 80,273.92</u>	<u>\$ 1,449.00</u>	<u>\$ 3,854.00</u>	<u>\$ (42,900.00)</u>	<u>\$ 90,859.00</u>

Source: District Records (Exhibit A-2)

**Borough of Laurel Springs School District**  
Fund Balances, Governmental Funds  
Last Eight Fiscal Years (modified accrual basis of accounting)  
Unaudited

	<u>Fiscal Year Ending June 30,</u>							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund								
Restricted:								
Capital Reserve Account	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 2,555.20	\$ 121,740.00	\$ 200,593.00	\$ 207,797.00	\$ 170,309.00
Excess Surplus	94,648.51							
Assigned:								
Subsequent Year's Expenditures	92,555.00							
Unreserved:	98,258.00	86,878.03	294,686.69	362,377.69	136,320.00	29,828.00	40,724.00	135,099.00
<b>Total General Fund</b>	<b>\$ 286,574.19</b>	<b>\$ 87,990.71</b>	<b>\$ 295,799.37</b>	<b>\$ 364,932.89</b>	<b>\$ 258,060.00</b>	<b>\$ 230,421.00</b>	<b>\$ 248,521.00</b>	<b>\$ 305,408.00</b>
All Other Governmental Funds								
Restricted:								
Capital Projects Fund	\$ 2,706.56	\$ 2,706.56	\$ 3,722.49	\$ 1,401,614.07	\$ (326,934.00)			
Debt Service Fund	5.04	0.87	1,250.87	1,250.00				
Other			102,479.51	16,707.32	110,322.00			
Unassigned								
Special Revenue Fund				(495.10)	(495.00)	\$ (495.00)	\$ (495.00)	\$ (487.00)
<b>Total All Other Governmental Funds</b>	<b>\$ 2,711.60</b>	<b>\$ 2,707.43</b>	<b>\$ 107,452.87</b>	<b>\$ 1,419,076.29</b>	<b>\$ (217,107.00)</b>	<b>\$ (495.00)</b>	<b>\$ (495.00)</b>	<b>\$ (487.00)</b>
<b>Total District</b>	<b>\$ 289,285.79</b>	<b>\$ 90,698.14</b>	<b>\$ 403,252.24</b>	<b>\$ 1,784,009.18</b>	<b>\$ 40,953.00</b>	<b>\$ 229,926.00</b>	<b>\$ 248,026.00</b>	<b>\$ 304,921.00</b>

Source: District Records (Exhibit B-1)

**Borough of Laurel Springs School District**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Tax Levy	\$ 2,786,081.26	\$ 2,656,283.00	\$ 2,670,642.00	\$ 2,540,291.00	\$ 2,473,606.00	\$ 2,068,783.00	\$ 1,844,200.00	\$ 1,887,639.00	\$ 1,683,503.00	\$ 1,482,319.00
Tuition Charges						5,522.00			11,242.00	
Transportation Charges					330.00	724.00				
Interest Earnings	310.18	1,041.96	11,093.17	67,132.07	25,378.00	6,983.00	7,246.00	1,382.00	1,648.00	7,617.00
Miscellaneous	3,127.13	8,717.75	3,561.87	32,787.61	34,882.00	91,552.00	22,655.00	2,064.00	1,078.00	26,254.00
State Sources	1,813,156.96	1,670,457.05	1,950,605.76	1,710,598.59	1,652,708.00	1,578,679.00	1,551,451.00	1,500,791.00	1,384,791.00	1,400,987.00
Federal Sources	172,052.16	414,827.68	115,759.84	134,050.90	151,022.00	158,530.00	126,979.00	143,240.00	143,707.00	130,767.00
<b>Total Revenue</b>	<b>4,774,727.69</b>	<b>4,751,327.44</b>	<b>4,751,662.64</b>	<b>4,484,860.17</b>	<b>4,337,926.00</b>	<b>3,910,773.00</b>	<b>3,552,531.00</b>	<b>3,535,116.00</b>	<b>3,225,969.00</b>	<b>3,047,944.00</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	863,613.55	896,542.79	829,683.56	780,680.28	740,242.00	693,544.00	642,751.00	610,406.00	541,033.00	550,650.00
Special Education Instruction	126,985.34	160,139.01	149,450.10	146,717.60	108,183.00	67,834.00	62,580.00	66,742.00	59,782.00	52,979.00
Other Special Instruction	8,854.82	38,048.35	41,545.40	25,151.40	40,854.00	52,553.00	38,436.00	53,768.00	126,535.00	
Other Instruction	1,040.00		1,000.00	2,845.00	1,595.00	2,032.00	3,402.00	3,042.00	3,721.00	111,611.00
Community Services Programs / Operations	3,330.53	3,042.93	3,783.49	1,611.37	3,301.00	2,605.00				
Support Services:										
Tuition	2,147,270.06	2,389,646.57	2,314,422.27	2,147,623.22	2,216,056.00	1,971,417.00	1,856,992.00	1,762,064.00	1,662,809.00	1,506,081.00
Health Services									40,069.00	73,996.00
Student Related Services	251,116.33	261,765.82	211,607.33	220,567.58	209,846.00	206,013.00	188,681.00	143,930.00	116,011.00	131,426.00
Instructional Related Services									2,918.00	
Educational Media Services									12,074.00	23,958.00
Instructional Staff Training									1,559.00	807.00
General Administrative Services	123,151.37	131,879.96	142,435.33	127,866.25	180,069.00	171,256.00	165,057.00	186,361.00	130,108.00	119,688.00
School Administrative Services	53,364.48	71,527.21	68,520.06	66,324.32	63,141.00	53,049.00	27,015.00	46,223.00	43,619.00	74,852.00
Central Services	54,414.88	59,009.79	58,246.89	53,213.83						
Plant Operations and Maintenance	203,366.45	220,600.92	242,889.54	174,111.52	175,422.00	174,852.00	155,020.00	130,412.00	121,805.00	126,549.00
Pupil Transportation	70,468.84	67,302.02	71,000.53	77,341.15	84,573.00	91,523.00	88,657.00	64,512.00	56,904.00	75,345.00
Business and other support services										
Employee Benefits	456,672.13	439,507.73	434,244.61	511,388.20	481,690.00	392,148.00	353,831.00	357,425.00	184,324.00	174,473.00
Other									42,540.00	37,689.00
On-Behalf pension contribution									29,968.00	
Reimbursed TPAF social security contribution									61,018.00	64,934.00
Capital Outlay		108,252.44	1,271,253.24	1,292,066.61	221,927.00	50,047.00	27,004.00		13,701.00	106,123.00
Debt Service:										
Principal	100,000.00	100,000.00	100,000.00							
Interest and Other Charges	112,491.26	116,616.00	182,143.13	18,750.00						
<b>Total Expenditures</b>	<b>4,576,140.04</b>	<b>5,063,881.54</b>	<b>6,122,225.48</b>	<b>5,646,258.33</b>	<b>4,526,899.00</b>	<b>3,928,873.00</b>	<b>3,609,426.00</b>	<b>3,424,885.00</b>	<b>3,250,498.00</b>	<b>3,231,161.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	198,587.65	(312,554.10)	(1,370,562.84)	(1,161,398.16)	(188,973.00)	(18,100.00)	(56,895.00)	110,231.00	(24,529.00)	(183,217.00)

(Continued)

**Borough of Laurel Springs School District**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds					\$ 2,927,000.00					
Cancelation of Prior Year Receivable			\$ (10,194.10)		(16,006.41)					
Cancelation of Prior Year Revenue					(6,539.15)					
<b>Total Other Financing Sources (Uses)</b>	\$ -	\$ -	(10,194.10)	2,904,454.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Fund Balances</b>	<u>\$ 198,587.65</u>	<u>\$ (312,554.10)</u>	<u>\$ (1,380,756.94)</u>	<u>\$ 1,743,056.28</u>	<u>\$ (188,973.00)</u>	<u>\$ (18,100.00)</u>	<u>\$ (56,895.00)</u>	<u>\$ 110,231.00</u>	<u>\$ (24,529.00)</u>	<u>\$ (183,217.00)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	4.6%	4.4%	5.8%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: District Records (Exhibit B-2)

**Borough of Laurel Springs School District**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ended June 30,									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Refunds of Prior Year Expenses							\$ 105.00	\$ 9.00		\$ 10.00
Prior Year Tuition Reimbursements									\$ 11,242.00	
Interest on Investments	\$ 310.18	\$ 1,041.96	\$ 11,093.17	\$ 67,132.07	\$ 13,425.00	\$ 6,983.00	7,246.00	1,382.00	1,087.00	7,267.00
Miscellaneous	2,895.35	7,990.92	3,419.69	32,533.08	29,074.00	91,552.00	2,550.00	448.00		
Interest on Capital Reserve									561.00	350.00
Transfers to Capital Reserve										23,202.00
Contributions	231.78	726.83							1,078.00	
Refunds on Current Year Expense										3,042.00
Tuition						5,522.00				
Transportation Fee From Individuals					330.00	724.00				
Cancellation of Prior Year Payables								1,607.00		
	<u>\$ 3,437.31</u>	<u>\$ 9,759.71</u>	<u>\$ 14,512.86</u>	<u>\$ 99,665.15</u>	<u>\$ 42,829.00</u>	<u>\$ 104,781.00</u>	<u>\$ 9,901.00</u>	<u>\$ 3,446.00</u>	<u>\$ 13,968.00</u>	<u>\$ 33,871.00</u>

Source: District Records.

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**Borough of Laurel Springs School District**  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

Year Ended Dec. 31.	Vacant Land	Residential	Farm Reg.	Farm Qual.	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2011	\$516,800.00	\$ 68,990,400.00			\$ 7,225,800.00		\$ 1,840,300.00	\$ 78,573,300.00	\$ 5,237,900.00	\$ 3,564,576.00	\$ 82,137,876.00	\$ 143,483,210.00	\$ 3.269
2010	309,500.00	68,739,200.00	-	-	8,167,500.00	-	1,840,300.00	79,056,500.00	5,096,100.00	3,331,728.00	82,388,228.00	147,516,481.00	3.244
2009	309,500.00	68,726,400.00	-	-	8,425,100.00	-	1,840,300.00	79,301,300.00	5,075,100.00	3,272,737.00	82,574,037.00	152,391,391.00	3.153
2008	365,000.00	68,178,400.00	-	-	8,377,100.00	-	1,840,300.00	78,760,800.00	5,138,500.00	3,692,000.00	82,452,800.00	155,184,210.00	3.080
2007	337,000.00	67,947,800.00	-	-	8,377,100.00	-	1,840,300.00	78,502,200.00	5,138,500.00	4,048,351.00	82,550,551.00	150,398,463.00	2.985
2006	384,000.00	67,839,900.00	-	-	9,923,100.00	-	1,840,300.00	79,987,300.00	5,047,000.00	4,448,631.00	84,435,931.00	137,605,448.00	2.642
2005	329,500.00	64,669,400.00	-	-	9,919,100.00	-	1,840,300.00	76,758,300.00	4,943,700.00	5,352,394.00	85,110,694.00	127,354,024.00	2.203
2004	336,500.00	67,682,700.00	-	-	9,709,100.00	-	1,840,300.00	79,568,600.00	4,943,700.00	5,946,205.00	85,514,805.00	110,856,631.00	2.088
2003	424,000.00	67,438,500.00	-	-	9,819,100.00	-	1,974,300.00	79,655,900.00	4,854,700.00	6,197,485.00	85,853,385.00	102,560,489.00	1.988
2002	364,000.00	67,358,700.00	-	-	9,782,700.00	-	1,974,300.00	79,479,700.00	4,789,700.00	6,462,841.00	85,942,541.00	94,890,738.00	1.754

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

Source: Camden County Board of Taxation

**Borough of Laurel Springs School District**  
 Direct and Overlapping Property Tax Rates  
 Last Ten (Fiscal) Years  
 (rate per \$100 of assessed value)  
 Unaudited

Year Ended Dec. 31,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Laurel Springs Borough	County of Camden	
2011	\$ 3.269	\$ -	\$ 3.269	\$ 2.107	\$ 1.273	\$ 6.649
2010	3.244	-	3.244	2.014	1.206	6.464
2009	3.153	-	3.153	1.820	1.173	6.146
2008	3.080	-	3.080	1.661	1.165	5.906
2007	2.985	-	2.985	1.476	1.130	5.591
2006	2.642	-	2.642	1.239	1.195	5.076
2005	2.203	-	2.203	1.119	1.061	4.383
2004	2.088	-	2.088	0.997	1.044	4.129
2003	1.988	-	1.988	0.868	1.064	3.920
2002	1.754	-	1.754	0.803	0.975	3.532

Source: Municipal Tax Collector

**Borough of Laurel Springs School District**  
Principal Property Tax Payers  
Current Year and Ten Years Ago  
Unaudited

<u>Taxpayer</u>	2011			2001		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Bell Atlantic	\$ 3,564,576	1	4.34%	<b>NOT AVAILABLE</b>		
Bell Atlantic	1,154,000	2	1.40%			
Laurel Springs Gardens	1,450,000	3	1.77%			
Kellmoll Properties LLC	399,100	4	0.49%			
Rakshak, LLC	362,000	5	0.44%			
MCI C/O Worldcom	326,000	6	0.40%			
Hudson United Bank	319,000	7	0.39%			
Sat-Raj, Inc.	308,100	8	0.38%			
Budsud, LLC	248,300	9	0.30%			
Take Time LLC	239,000	10	0.29%			
<b>Total</b>	<b>\$ 8,370,076.00</b>		<b>10.19%</b>	<b>\$ -</b>		<b>0.00%</b>

Source: District CAFR & Municipal Tax Assessor

**Borough of Laurel Springs School District**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 2,786,081.26	\$ 2,686,230.62	96.42%	\$ 99,850.64
2010	2,527,750.00	2,527,750.00	100.00%	-
2009	2,551,598.00	2,451,747.72	96.09%	99,850.28
2008	2,520,291.00	2,520,291.00	100.00%	-
2007	2,473,606.00	2,473,606.00	100.00%	-
2006	2,068,783.00	2,068,783.00	100.00%	-
2005	1,844,200.00	1,814,484.00	98.39%	29,716.00
2004	1,887,639.00	1,783,699.00	94.49%	103,940.00
2003	1,683,503.00	1,683,503.00	100.00%	-
2002	1,482,319.00	1,482,319.00	100.00%	-

(1) 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.

Source: District Records

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**Borough of Laurel Springs School District**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	<u>Per Capita (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>				
2011	\$ 2,627,000.00	-	-	-	-	\$ 2,627,000.00	Unavailable	\$ 1,376.83	
2010	2,727,000.00	-	-	-	-	2,727,000.00	Unavailable	1,430.75	
2009	2,827,000.00	-	-	-	-	2,827,000.00	3.59%	1,485.55	
2008	2,927,000.00	-	-	-	-	2,927,000.00	3.72%	1,529.26	
2007	-	-	-	-	-	-	-	-	
2006	-	-	-	-	-	-	-	-	
2005	-	-	-	-	-	-	-	-	
2004	-	-	-	-	-	-	-	-	
2003	-	-	-	-	-	-	-	-	
2002	-	-	-	-	-	-	-	-	

## Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2007 Census published by the US Bureau of Economic Analysis

**Borough of Laurel Springs School District**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

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<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2011	\$ 2,627,000.00	-	\$ 2,627,000.00	3.20%	\$ 1,376.83
2010	2,727,000.00	-	2,727,000.00	3.31%	1,430.75
2009	2,827,000.00	-	2,827,000.00	3.42%	1,485.55
2008	2,927,000.00	-	2,927,000.00	3.55%	1,529.26
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-
2003	-	-	-	-	-
2002	-	-	-	-	-

**Sources:**

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

**Borough of Laurel Springs School District**  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2010  
*Unaudited*

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Laurel Springs Borough</u>
Municipal Debt: (1)				
Laurel Springs Borough School District	\$ 2,627,000.00	\$ 2,627,000.00		
Laurel Springs Borough	<u>2,948,490.00</u>	<u>40,507.00</u>	<u>\$ 2,907,983.00</u>	<u>\$ 2,907,983.00</u>
	<u>5,575,490.00</u>	<u>2,667,507.00</u>	<u>2,907,983.00</u>	<u>2,907,983.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	37,661,151.00	12,379,642.00 (3)	25,281,509.00	90,820.20 (5)
Loan Agreement	128,370,000.00		128,370,000.00	461,150.85 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>721,218,197.00</u>	<u>721,218,197.00 (4)</u>		<u>(4)</u>
	<u>887,249,348.00</u>	<u>733,597,839.00</u>	<u>153,651,509.00</u>	<u>551,971.05</u>
	<u><u>\$ 892,824,838.00</u></u>	<u><u>\$ 736,265,346.00</u></u>	<u><u>\$ 156,559,492.00</u></u>	<u><u>\$ 2,356,011.95</u></u>

## Sources:

- (1) 2010 Annual Debt Statement
- (2) County's 2010 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2010 Equalized Value, which is .359%.  
The source for this computation was the 2010 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**Borough of Laurel Springs School District**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized valuation basis (1)	
	2010	\$ 144,184,753.00
	2009	149,118,654.00
	2008	<u>151,492,210.00</u>
	<b>[A]</b>	<u>\$ 444,795,617.00</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 148,265,205.67
Debt limit (2 1/2)	(2)	<b>[B]</b> 3,706,630.14
Total Net Debt Applicable to Limit		<b>[C]</b> <u>2,627,000.00</u>
Legal Debt Margin	<b>[B-C]</b>	<u>\$ 1,079,630.14</u>

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt limit	\$ 3,706,630.14	\$ 3,724,674.80	\$ 3,591,659.49	\$ 3,323,766.53	\$ 2,963,751.00	\$ 3,176,503.00	\$ 3,554,446.00	\$ 3,064,948.00	\$ 2,841,329.00	\$ 4,489,695.00
Total net debt applicable to limit	<u>2,627,000.00</u>	<u>2,727,000.00</u>	<u>2,827,000.00</u>	<u>2,927,000.00</u>	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,079,630.14</u>	<u>\$ 1,079,630.14</u>	<u>\$ 764,659.49</u>	<u>\$ 396,766.53</u>	<u>\$ 2,963,751.00</u>	<u>\$ 3,176,503.00</u>	<u>\$ 3,554,446.00</u>	<u>\$ 3,064,948.00</u>	<u>\$ 2,841,329.00</u>	<u>\$ 4,489,695.00</u>
Total net debt applicable to the limit as a percentage of debt limit	70.87%	73.21%	78.71%	88.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 6 district.
- (3) District Records

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**Borough of Laurel Springs School District**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>County Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	1,908	Unavailable	Unavailable	8.1%
2009	1,906	\$ 78,683,492.00	\$ 41,282.00	7.7%
2008	1,908	78,674,472.00	41,234.00	4.9%
2007	1,914	75,155,124.00	39,266.00	3.7%
2006	1,921	72,825,110.00	37,910.00	4.0%
2005	1,930	69,277,350.00	35,895.00	3.7%
2004	1,936	66,946,880.00	34,580.00	5.5%
2003	1,948	64,798,272.00	33,264.00	5.4%
2002	1,958	62,685,370.00	32,015.00	5.9%
2001	1,957	61,107,325.00	31,225.00	4.2%

**Source:**

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Borough of Laurel Springs School District**  
Principal Employers  
Current Year and Ten Years Ago  
Unaudited

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<u>Employer</u>	<u>2011</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

INFORMATION IS NOT AVAILABLE

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**Borough of Laurel Springs School District**  
 Full-time Equivalent District Employees by Function/Program  
 Last Five Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction					
Regular	13.5	12.0	12.0	16.0	8.5
Special education	2.0	2.0	2.5	4.0	3.0
Other special education	-	-	-	-	1.0
Vocational	-	-	-	-	-
Other instruction	3.0	3.0	2.5	-	2.5
Nonpublic school programs	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-
Support Services:					
Tuition	-	-	-	-	-
Student & instruction related services	2.0	2.0	2.0	3.5	3.0
General administrative services	1.0	1.0	1.0	3.0	3.5
School administrative services	2.0	2.0	2.0	3.0	1.0
Business administrative services	-	-	-	-	0.5
Central Services	-	-	-	-	-
Special Education	-	-	-	-	-
Health Services	-	-	-	-	-
Plant operations and maintenance	1.0	1.0	1.0	1.5	-
Pupil transportation	-	-	-	-	-
Other Salaries	-	-	-	-	-
Special Schools	-	-	-	-	-
Food Service	-	-	-	1.0	1.0
Child Care	-	-	-	-	-
<b>Total</b>	<b>24.5</b>	<b>23.0</b>	<b>23.0</b>	<b>32.0</b>	<b>24.0</b>

**Source:** District Personnel Records

**Borough of Laurel Springs School District**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>			<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>High School</u>				
2011	167	\$ 4,481,866.16	\$ 26,837.52	-1.18%	*	*	N/A	N/A	167	160	-6.70%	95.81%
2009	173	4,588,128.09	26,520.97	-4.42%	*	*	N/A	N/A	179	171	-0.67%	95.75%
2008	181	4,588,128.09	25,348.77	6.24%	*	*	N/A	N/A	180	173	11.23%	96.00%
2007	162	4,362,572.85	26,929.46	-11.68%	*	*	N/A	N/A	162	*	-10.00%	*
2006	181	4,304,972.00	23,784.38	-18.86%	*	*	N/A	N/A	180	*	-0.55%	*
2005	201	3,878,826.00	19,297.64	0.56%	*	*	N/A	N/A	181	*	-1.31%	*
2004	186	3,609,426.00	19,405.52	-2.49%	*	*	N/A	N/A	183	174	7.38%	95.04%
2003	181	3,424,855.00	18,921.85	2.87%	*	*	N/A	N/A	171	163	2.64%	95.37%
2002	167	3,250,498.00	19,464.06	-0.59%	*	*	N/A	N/A	166	159	2.40%	95.67%
2001	167	3,231,161.00	19,348.27	5.52%	*	*	N/A	N/A	163	156	2.33%	95.82%

\* Information not available.

Sources: District Records

**Borough of Laurel Springs School District**  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

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	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Laurel Springs Elementary										
Square Feet										
Capacity (students)										
Enrollment	167	173	181	162	181	201	186	181	167	167
Number of Schools at June 30, 2011										
Elementary = 1										
Middle School = 0										
High School = 0										
Other = 0										

Source: District records, ASSA

**Borough of Laurel Springs School District**  
 Schedule of Required Maintenance  
 Last Nine Fiscal Years  
 Unaudited

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

* School Facilities	Project # (s)	2011	2010	2009	2008	2007	2006	2005	2004	2003
Laurel Springs Elementary	N/A	\$ 62,571.91	\$ 85,231.59	\$107,089.71	\$ 91,393.05	\$ 44,111.00	\$ 64,481.00	\$ 40,154.00	\$ 30,747.00	\$ 26,679.00
Total School Facilities		62,571.91	85,231.59	107,089.71	91,393.05	64,481.00	64,481.00	40,154.00	30,747.00	26,679.00
Other Facilities		-	-	-	-	-	-	-	-	-
Grand Total		\$ 62,571.91	\$ 85,231.59	\$107,089.71	\$ 91,393.05	\$ 64,481.00	\$ 64,481.00	\$ 40,154.00	\$ 30,747.00	\$ 26,679.00

\* 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

**Borough of Laurel Springs School District**  
Insurance Schedule  
June 30, 2011  
*Unaudited*

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		<u>Coverage</u>	<u>Deductible</u>
School Package Policy			
Property & Auto Physical Damage/Boiler & Machinery	(A)	\$ 150,000,000	Not
General and Auto Liability	(A)	5,000,000	Available
Environment Impairment Liability	(A)	25,000,000	
Crime Coverage			
Money and Securities	(A)	50,000	
Faithful Performance	(A)	100,000	
Computer Fraud, Forgery	(A)	50,000	
School Board Legal Liability	(A)	5,000,000	
Workers' Compensation	(A)	Statutory	
Student Accident Insurance	(B)	1,000,000	
Catastrophic Student Accident Insurance	(B)	5,000,000	
Surety Bonds			
Treasurer	(C)	136,000	
Board Secretary/Business Administrator	(C)	15,000	

- (A) School Alliance Insurance Fund
- (B) American International
- (C) Selective Insurance

Source: District Records

SINGLE AUDIT SECTION

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

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

**Compliance**

We have audited Borough of Laurel Springs School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2011. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, Borough of Laurel Springs School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the Borough of Laurel Springs School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*K.N. Applegate*

Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
November 11, 2011

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2011

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2010</u>
				<u>From</u>	<u>To</u>	
Special Revenue Fund:						
U.S. Department of Education						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part A	84.010A	NCLB254011	\$ 26,428.00	9-1-2010	8-31-2011	
Title I, Part A	84.010A	NCLB254010	33,556.00	9-1-2009	8-31-2010	\$ (23,674.90)
A.R.R.A. - Title I, Part A	84.389	NCLB254010	6,181.00	7-1-2009	8-31-2011	(2,989.12)
Title II, Part A	84.281A	NCLB254011	22,269.00	9-1-2010	8-31-2011	
Title II, Part A	84.281A	NCLB254010	10,146.00	9-1-2009	8-31-2010	(5,020.29)
Title II, Part A	84.281A	NCLB254006	9,792.00	9-1-2005	8-31-2006	109.00
Title II, Part D	84.281D	NCLB254011	282.00	9-1-2010	8-31-2011	
Title II, Part D	84.281D	NCLB254010	238.00	9-1-2009	8-31-2010	
Title II, Part D	84.281D	NCLB254009	206.00	9-1-2008	8-31-2009	(206.00)
Title IV, Safe and Drug Free Schools	84.184	NCLB254009	540.00	9-1-2009	8-31-2010	(256.00)
I.D.E.I.A.:						
Basic Regular	84.027	IDEA254011	73,761.00	9-1-2010	8-31-2011	
Basic Regular	84.027	IDEA254010	74,577.00	9-1-2009	8-31-2010	(74,133.66)
Basic Regular	84.027	IDEA254009	73,274.00	9-1-2008	8-31-2009	(255.00)
A.R.R.A. - Basic Regular	84.391	IDEA254010	73,141.00	7-1-2009	8-31-2011	(666.32)
Preschool	84.173	IDEA254011	2,741.00	9-1-2010	8-31-2011	
Preschool	84.173	IDEA254010	2,655.00	9-1-2009	8-31-2010	(2,342.58)
Preschool	84.173	IDEA254009	2,637.00	9-1-2008	8-31-2009	(565.00)
A.R.R.A. - Preschool	84.392	IDEA254010	2,645.00	7-1-2009	8-31-2011	(2,468.40)
Total U.S. Department of Education						<u>(112,468.27)</u>
Total Special Revenue Fund						<u>(112,468.27)</u>
Enterprise Fund:						
U.S. Department of Agriculture						
Passed-through State Department of Education:						
Cash Assistance:						
National School Lunch Program	10.555	N/A	9,640.57	7-1-2009	6-30-2010	(605.39)
National School Lunch Program	10.555	N/A	12,196.56	7-1-2010	6-30-2011	
School Breakfast Program	10.553	N/A	705.72	7-1-2009	6-30-2010	(32.36)
School Breakfast Program	10.553	N/A	885.22	7-1-2010	6-30-2011	
Total Enterprise Fund						<u>(637.75)</u>
Total Federal Financial Assistance						<u>\$ (113,106.02)</u>

(A) See Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

These funds were not audited in accordance with U.S. Circular A-133 since the total of all grant award expenditures was less than \$500,000.00.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2011		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor
\$ 6,239.34 (6,239.34)	\$ 90.71 29,937.00	\$ 21,989.54	\$ (0.05) (22.76)		\$ (20,098.00)	\$ 4,438.46	
		2,545.88	(646.00)		(6,181.00)		
1,380.71 (1,380.71)	9,699.29 6,401.00	19,515.24	(0.29)		(11,189.00)	2,753.47	
			(109.00)				
238.00 (238.00)		282.00	(20.00)		(64.00)		
	206.00		238.00				
					(256.00)		
443.34 (443.34)	71,857.00	73,676.34	(2,858.34) 2,720.00 255.00		(76,736.00)	644.66	
		61,865.52	(2,655.42)		(66,456.00)	3,924.16	
312.42 (312.42)		2,741.25	2,655.00 565.00		(5,727.00)	642.75	
		61.60			(2,530.00)		
-	118,191.00	182,677.37	121.14	\$ -	(189,237.00)	12,403.50	\$ -
-	118,191.00	182,677.37	121.14	-	(189,237.00)	12,403.50	-
	605.39 11,293.44 32.36 802.02	12,196.56			(903.12)		
		885.22			(83.20)		
-	12,733.21	13,081.78	-	-	(986.32)	-	-
\$ -	\$ 130,924.21	\$ 195,759.15	\$ 121.14	\$ -	\$ (190,223.32)	\$ 12,403.50	\$ -

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2011

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u> <u>From</u> <u>To</u>		<u>Balance at June 30, 2010</u>		<u>Carryover/ (Walkover) Amount</u>
					<u>Deferred Revenue / Accounts Receivable</u>	<u>Due to Grantor</u>	
General Fund:							
State Department of Education:							
Equalization Aid	11-495-034-5120-078	\$ 1,366,051.00	7-1-2010	6-30-2011			
Equalization Aid	10-495-034-5120-078	1,217,349.00	7-1-2009	6-30-2010	\$ (149,995.46)		
Transportation Aid	10-495-034-5120-014	10,596.00	7-1-2009	6-30-2010	(1,305.58)		
Special Education Aid	11-495-034-5120-089	174,068.00	7-1-2010	6-30-2011			
Special Education Aid	10-495-034-5120-089	184,725.00	7-1-2009	6-30-2010	(22,760.86)		
Security Aid	10-495-034-5120-084	17,523.00	7-1-2009	6-30-2010	(2,159.10)		
Extraordinary Aid	11-100-034-5120-473	20,754.00	7-1-2010	6-30-2011			
Reimbursed T.P.A.F. Social Security	11-495-034-5095-051	78,995.96	7-1-2010	6-30-2011			
Total State Aid - General Fund					(176,221.00)	\$ -	\$ -
Special Revenue Fund:							
State Department of Education:							
Instructional Supplement Aid	03-495-034-5120-029	9,921.00	7-1-2002	6-30-2003		1,149.00	
State Department of Treasury passed through Borough of Laurel Springs							
Municipal Alliance	2008-475-995120-60	1,075.68	1-1-2008	12-31-2008	989.78		
Municipal Alliance	2006-475-995120-60	731.00	1-1-2006	12-31-2006	325.00		
Municipal Alliance	2004-475-995120-60	2,029.00	1-1-2004	12-31-2004		585.00	
Total Special Revenue Fund					1,314.78	1,734.00	-
Debt Service Fund:							
State Department of Education:							
State Support	10-100-034-5120-125	72,403.00	7-1-2010	6-30-2011	-	-	-
Enterprise Fund:							
State Department of Agriculture:							
State School Breakfast Program	10-100-010-3360-096	139.20	7-1-2009	6-30-2010	(7.60)		
State School Lunch Program	10-100-010-3360-067	478.29	7-1-2009	6-30-2010			
State School Lunch Program	10-100-010-3360-067	573.68	7-1-2009	6-30-2010	(35.90)		
Total Enterprise Fund					(43.50)	-	-
Total State Financial Assistance					\$ (174,949.72)	\$ 1,734.00	\$ -

(A) See Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011			Memo	
				Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budetary Receivable 6/30/2011	Cumulative Total Expenditures
\$ 1,231,459.25		\$ 1,366,051.00		\$ (134,591.75)			\$ (134,591.75)	\$ 1,366,051.00
149,995.46								
1,305.58								
156,917.75		174,068.00		(17,150.25)			(17,150.25)	174,068.00
22,760.86								
2,159.10								
20,754.00		20,754.00						20,754.00
75,076.18		78,995.96		(3,919.78)				78,995.96
<u>1,660,428.18</u>	<u>\$ -</u>	<u>1,639,868.96</u>	<u>\$ -</u>	<u>(155,661.78)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(151,742.00)</u>	<u>1,639,868.96</u>
						\$ 1,149.00		
					\$ 989.78			
					325.00			
						585.00		
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314.78</u>	<u>1,734.00</u>	<u>-</u>	<u>-</u>
<u>72,403.00</u>	<u>-</u>	<u>72,403.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,403.00</u>
7.60								
442.76		478.29		(35.53)				478.29
35.90								
<u>486.26</u>	<u>-</u>	<u>478.29</u>	<u>-</u>	<u>(35.53)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478.29</u>
<u>\$ 1,733,317.44</u>	<u>\$ -</u>	<u>\$ 1,712,750.25</u>	<u>\$ -</u>	<u>\$ (155,697.31)</u>	<u>\$ 1,314.78</u>	<u>\$ 1,734.00</u>	<u>\$ (151,742.00)</u>	<u>\$ 1,712,750.25</u>

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2011

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Laurel Springs School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

**Note 2: BASIS OF ACCOUNTING**

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

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$24,479.00 for the general fund and (\$10,625.21) for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 1,639,868.96	\$ 1,639,868.96
Special Revenue	\$ 172,052.16		172,052.16
Debt Service		72,403.00	72,403.00
Food Service	13,081.78	478.29	13,560.07
Total Awards and Financial Assistance	<u>\$ 185,133.94</u>	<u>\$ 1,712,271.96</u>	<u>\$ 1,884,324.12</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: ADJUSTMENTS**

The adjustments represent the amounts needed to match the District's receivables and deferred revenues to the amount reported to the Federal awarding agencies.

**Note 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2011.

**Note 7: MAJOR PROGRAMS**

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified?      yes   x   no

Were significant deficiencies identified that were not considered to be a material weakness?   x   yes      none reported

Noncompliance material to financial statements noted?      yes   x   no

**Federal Awards**

**N/A - Not Required**

Internal control over compliance:

Material weaknesses identified?      yes      no

Were significant deficiencies identified that were considered to be material weaknesses?      yes      none reported

Type of auditor's report on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?      yes      no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dollar threshold used to determine Type A programs \$ \_\_\_\_\_

Auditee qualified as low-risk auditee?      yes      no

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2011**

**Section 1- Summary of Auditor's Results (Cont'd)**

**State Financial Assistance**

Internal control over compliance:

Material weaknesses identified? \_\_\_ yes  x  no

Were significant deficiencies identified that were considered to be material weaknesses? \_\_\_ yes  x  none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? \_\_\_ yes  x  no

Identification of major programs:

<b><u>GMIS Numbers</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? \_\_\_ yes  x  no

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

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***Section 2- Schedule of Financial Statement Findings***

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

**Finding No. 2011-1**

**Criteria or Specific Requirement**

All receipts are required to be deposited in a timely manner.

**Condition**

Several student activity receipts were not deposited promptly.

**Context**

Five out of fourteen receipts tested were deposited after a significant amount of time had passed from the date of collection. The time frames for the late deposits were between eighteen and thirty-one days.

**Effect**

The possibility of misplaced or missing monies is increased when deposits are not made promptly.

**Cause**

Internal control procedures were not followed by the employees responsible for collecting and depositing student activity monies.

**Recommendation**

That the District comply with its controls that require the deposit of student activity receipts promptly.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

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

N/A – Not required

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

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

None

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2010-1**

**Condition**

The District's "position control roster" did not include all the information required by N.J.A.C. 6A:23A-6.8.

**Current Status**

The condition has been corrected.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management (Cont'd)

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**FEDERAL AWARDS**

Not Applicable

**STATE FINANCIAL ASSISTANCE PROGRAMS**

**Finding No. 2010-2**

**Program**

Equalization Aid – 495-034-5120-078

Special Education Categorical Aid – 495-034-5120-089

Security Aid – 495-034-5120-084

**Condition**

Our audit disclosed differences between the District's Application for State School Aid (A.S.S.A.) report, client prepared workpapers and supporting documentation.

**Current Status**

The condition has been corrected.

