

***SCHOOL DISTRICT***

***OF***

***NEPTUNE CITY***

**Neptune City Board of Education  
Neptune, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

# NEPTUNE CITY SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

# Neptune City Board of Education

210 West Sylvania Avenue  
Neptune City, N.J. 07753-6299  
732-775-5319  
FAX 732-775-4335

Brian Sullivan  
President  
William Folk  
Bd. Sec./Bus. Admin  
Anthony Susino  
Michael Pondaco

Debra Mercora, Ed. D.  
Chief School Administrator

Edmond Zakerowski  
Vice-President  
Christine Oppenuard  
Robert Burr  
Angela Rust  
Lisa Frostick  
Jeanine Gomez

November 30, 2011

Honorable President and  
Members of the Board of Education  
Neptune City School District  
Monmouth County, New Jersey

Dear Board Members:

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

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

Neptune City School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The Neptune City 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 K through 8. These include regular as well as special education for handicapped youngsters. The District has a sending-receiving relationship with Neptune Township School District for grades 9-12 that includes regular, vocational and special education for handicapped youngsters. Other opportunities available to high school students are Red Bank Regional High School for Performing Arts, Marine Academy of Science and Technology (MAST), High Technology High School, Academy of Allied Health and Science, Communications High School and Bio-technology High School.

The District completed the 2010-2011 fiscal year with an average daily enrollment of 389 students, which is nine students less than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment (K-8)**

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2011	389	2.2%
2010	398	1.8%
2009	391	0.5%
2008	393	1.0%
2007	389	4.2%

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Neptune City is located in the southeastern quadrant of Monmouth County and is comprised of 576 acres or approximately .9 square miles. The community is considered fully developed and is predominantly residential.

**3) MAJOR INITIATIVES:**

Free and appropriate public education for all children is a cornerstone of a democratic society that values the worth and dignity of each individual. The primary goal of the Neptune City School District is to offer educational opportunities to each young person that will enable him/her to function politically, economically and socially in a fast changing complex world. To achieve this goal, the District provides a planned program of learning that incorporates lessons and experiences, both in and out of the classroom, into the curriculum. The District appreciates the need for continuous improvement of the instructional program and will strive relentlessly to provide an educational system that assists every pupil to reach his/her potential.

Through the utilization of modern technology and scientific advancements in today's world, the students have been afforded many opportunities. The integration of technology into the curriculum is being emphasized and achieved with the addition of a full time technology coordinator. In addition, all classrooms have broadband access to the internet, both wired and wireless to enhance the curriculum.

The District has begun a program to educate its students with special needs in the least restrictive environment, their resident district. In keeping with that philosophy, the District has expanded a Pre-school disabled class.

#### **4) INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance 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 an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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

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

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

#### **6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental 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.

**7) DEBT ADMINISTRATION:**

At June 30, 2011, the District had outstanding debt of \$8,360,000.

**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 that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:**

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

**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino and Shechter, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

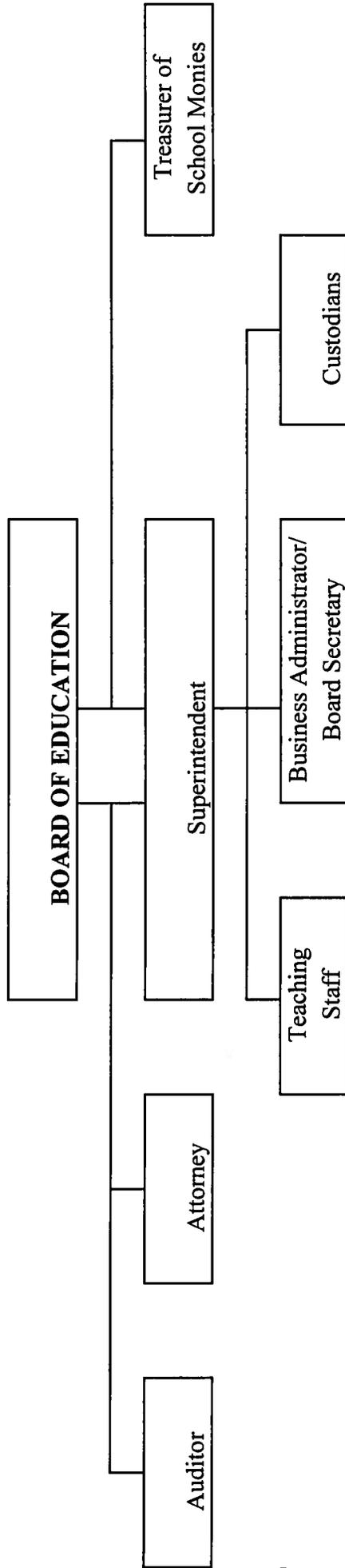


Debra Mercora, Ed. D.  
Chief School Administrator



William Folk  
Board Secretary/Business Administrator

NEPTUNE CITY BOARD OF EDUCATION  
ORGANIZATIONAL CHART



# NEPTUNE CITY BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Brian Sullivan - President	2013
Edmond A. Zakerowski - Vice President	2014
Lisa Frostick	2013
Michael Pondaco	2013
Anthony Susino	2014
Robert R. Burr, Jr.	2014
Christine Oppegaard	2012
Angela Rust	2012
Corlies Chong	2012
<u>Other Officials</u>	
Thomas Campbell- Chief School Administrator (Retired 07/01/11)	
William Folk - Board Secretary/School Business Administrator	
Mary Sapp - Treasurer	
Sanford D. Brown, Esq. - Solicitor	

# **NEPTUNE CITY BOARD OF EDUCATION**

## **CONSULTANTS AND ADVISORS**

### **AUDIT FIRM**

Allen B. Shechter, CPA, RMA, PSA  
Alvino & Shechter, L.L.C.  
110 Fortunato Place  
Neptune, NJ 07753

### **ATTORNEY**

Sanford D. Brown  
Brown & Connelly, L.L.C.  
1127 Hwy. 35  
Ocean Township, NJ 07712

### **OFFICIAL DEPOSITORIES**

Bank of America  
522 Main Street  
Bradley Beach, NJ 07720

Investor Savings Bank  
Highway 71  
Spring Lake Heights, NJ 07762

Kearny Federal Savings  
3636 State Hwy. #33  
Long Branch, NJ 07740

**FINANCIAL SECTION**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

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Phone: (732) 922-4222  
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Member

American Institute of Certified Public Accountants  
New Jersey Society of Certified Public Accountants  
PCPS of the AICPA Division of CPA Firms

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Neptune City School District  
County of Monmouth, New Jersey

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011 on our consideration of the Neptune City Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 16 and 42 through 47 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 Neptune City Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

  
\_\_\_\_\_  
Licensed Public School Accountant  
No. 2183  
**Alvino & Shechter, L.L.C.**

November 29, 2011

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**NEPTUNE CITY PUBLIC SCHOOL DISTRICT  
NEPTUNE CITY, NEW JERSEY**

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

**(Unaudited)**

The discussion and analysis of the Neptune City 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Government Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

**Financial Highlights**

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

In total, net assets increased \$631,681 primarily a reduction in long-term debt.

General revenues were \$7,763,425 which represents 94.4% of revenues for the year. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$462,817 or 5.6% of total revenues of \$7,690,153.

The School District had \$7,594,561 in expenses and only \$462,817 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and State of New Jersey and Federal Aid) of \$7,763,425 were adequate to provide for these programs.

The General Fund had \$7,070,384 in revenues and \$6,841,142 in expenditures. The General Fund's balance decreased \$229,242 from June 2010. This increase was not 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 Neptune City Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the 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 Neptune City Public School District, General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

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

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

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

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

Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

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

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 19. 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 and Capital Projects Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed

short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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 the governmental funds is reconciled in the financial statements.

### Enterprise Fund

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

### Notes to the Financial Statements

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

### The School District as a Whole

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

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

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

**Table 1**  
**Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$2,201,290	\$2,195,068
Capital Assets, Net	<u>\$10,221,622</u>	<u>\$10,171,476</u>
Total Assets	\$12,422,912	\$12,366,544
<b>Liabilities</b>		
Current Liabilities	\$300,304	\$491,243
Long-Term Liabilities	<u>\$8,438,235</u>	<u>\$8,822,610</u>
Total Liabilities	\$8,738,539	\$9,313,853
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$1,877,745	\$1,473,094
Restricted	\$1,610,577	\$1,404,602
Unrestricted	<u>\$196,051</u>	<u>\$174,996</u>
<b>Total Net Assets</b>	\$3,684,373	\$3,052,692

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

**Table 2**  
**Changes in Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$79,019	\$75,807
Operating Grants and Contributions	\$383,798	\$394,380
Capital Grants and Contributions	\$0	\$0
General Revenues		
Property Taxes	\$5,445,489	\$4,980,627
Grants and Entitlements	\$2,306,551	\$2,197,984
Other	<u>\$11,385</u>	<u>\$41,355</u>
Total Revenues	<u>\$8,226,242</u>	<u>\$7,690,153</u>
<b>Program Expenses</b>		
Instruction	\$2,927,964	\$3,242,642
Support Services		
Pupils and Instructional Staff	\$3,025,096	\$3,083,842
General Administration, School Administration, Business Operations and Maintenance of Facilities	\$920,819	\$925,983
Pupil Transportation	\$198,845	\$264,153
Food Service	\$128,335	\$133,149
Other	<u>\$393,502</u>	<u>\$362,557</u>
Total Expenses	<u>\$7,594,561</u>	<u>\$8,012,326</u>
Increase (Decrease) in Net Assets Before Other Items	\$631,681	(\$322,173)
Other Decrease	<u>\$0</u>	<u>\$0</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$631,681</u>	<u>(\$322,173)</u>

## Governmental Activities

The unique nature of property taxes in New Jersey creates the need to annually seek voter approval for the School District operations. Property taxes made up 70.1 percent of revenues for governmental activities for the Neptune City Public School District for the fiscal year 2011. Federal and state grants accounted for another 29.7 percent of revenues.

Program expenses include instruction that comprises 39.2 percent of the total expenses. Support services comprise 55.5 percent of total expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for the year ended June 30, 2011. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions

Table 3

	<b>Total Cost of Services <u>2011</u></b>	<b>Net Cost of Services <u>2011</u></b>	<b>Total Cost of Services <u>2010</u></b>
Instruction	2,927,963	2,671,513	3,242,642
Support Services			
Pupils and Instructional Staff	3,025,096	2,990,694	3,083,842
General Administration, School Administration, Business Operations and Maintenance of Facilities	920,819	864,525	925,983
Pupil Transportation	198,846	198,846	264,153
Food Service	128,335	(21,737)	133,149
Other	<u>393,501</u>	<u>393,501</u>	<u>362,557</u>
<b>Total Expenses</b>	<u>7,594,560</u>	<u>7,097,342</u>	<u>8,012,326</u>

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

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 central services include expenses associated with administrative and financial supervision of the district.

Maintenance of facilities activities involves 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 dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Neptune City Public School District.

**The School District’s Funds**

Information about the School District’s governmental funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,076,004 and expenditures of \$7,906,755.

At the end of the current fiscal year, the Board’s governmental funds reported combined ending fund balances of \$1,973,365. Of this fund balance, \$202,983 is unassigned which is available for spending at the Board’s discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$159,805), 2) for capital reserve (\$11,123), 3) for excess surplus (\$877,301), 4) for excess surplus designated for subsequent year’s expenditures (\$717,793). Unreserved general fund balance represents 4.8% of total general fund expenditures.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts.

**Capital Assets**

At the end of the 2011 fiscal year, the School District had \$10,171,977 invested in buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2011 balances.

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

	<u>2011</u>	<u>2010</u>
Land	30,000	30,000
Construction in Progress	10,183,076	10,129,785
Buildings and Improvements	5,395	7,525
Machinery and Equipment	3,151	4,167
Trucks	<u>0</u>	<u>500</u>
Totals	<u>10,221,622</u>	<u>10,171,977</u>

## **Debt Administration**

At June 30, 2011, the School District had \$8,438,235 as outstanding debt. This amount consisted of compensated absences (\$78,235) and bonds payable (\$8,360,000).

As of June 30, 2011, the School District's legal debt margin was \$8,441,814. For more detailed information, please refer to the *Notes to the Financial Statements*.

## **For the Future**

The Neptune City Public School District is in good financial condition presently. The Borough of Neptune City is primarily a residential community, thus the burden is on the homeowner to fund the taxes needed to operate the school. Other funding sources have increased minimally and future finances will be with challenges.

The Borough of Neptune City has designated an area in the Eastern section of the Borough as in need of redevelopment. This may affect the School District, however, such effect cannot be accurately projected at this time.

In conclusion, the Neptune City Public School District has committed itself to financial excellence for many years. The School District plans to continue its system of sound financial planning, budgeting and internal controls to meet the challenges 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 any questions about this report or need additional information, contact William Folk, School Business Administrator/Board Secretary at Neptune City Board of Education, 210 West Sylvania Avenue, Neptune City, NJ 07753.

# **BASIC FINANCIAL STATEMENTS**

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

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS:</b>			
Cash and Cash Equivalents	1,597,639.42	49,600.84	1,647,240.26
Investments	274,721.00	.00	274,721.00
Receivables, Net	220,397.47	25,873.90	246,271.37
Inventory	.00	1,452.14	1,452.14
Restricted Assets:			
Cash and Cash Equivalents	754.84	.00	754.84
Investments	3,604.14	.00	3,604.14
Capital Reserve Account - Cash	11,123.44	.00	11,123.44
Deferred Bond Issuance Costs - Net	16,122.91	.00	16,122.91
Capital Assets, Net (Note 5):	<u>10,220,311.63</u>	<u>1,310.30</u>	<u>10,221,621.93</u>
Total Assets	<u>12,344,674.85</u>	<u>78,237.18</u>	<u>12,422,912.03</u>
<b>LIABILITIES:</b>			
Accounts Payable	89,189.99	6,975.71	96,165.70
Other Payable	30,661.65	.00	30,661.65
Accrued Interest	158,453.64	.00	158,453.64
Deferred Revenue	15,023.42	.00	15,023.42
Noncurrent Liabilities (Note 6):			
Due Within One Year	395,350.00	.00	395,350.00
Due Beyond One Year	<u>8,042,884.56</u>	<u>.00</u>	<u>8,042,884.56</u>
Total Liabilities	<u>8,731,563.26</u>	<u>6,975.71</u>	<u>8,738,538.97</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	1,876,434.54	1,310.30	1,877,744.84
Restricted for:			
Capital Projects	3,604.14	.00	3,604.14
Debt Service	754.84	.00	754.84
Other Purposes	1,606,218.01	.00	1,606,218.01
Unrestricted	<u>126,100.06</u>	<u>69,951.17</u>	<u>196,051.23</u>
Total Net Assets	<u>\$ 3,613,111.59</u>	<u>71,261.47</u>	<u>3,684,373.06</u>

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction:							
Regular Instruction	2,262,074.13	.00	190,774.33	.00	(2,071,299.80)	.00	(2,071,299.80)
Special Education Instruction	488,775.79	.00	65,676.41	.00	(423,099.38)	.00	(423,099.38)
Other Special Instruction	134,975.62	.00	.00	.00	(134,975.62)	.00	(134,975.62)
Other Instruction	42,138.12	.00	.00	.00	(42,138.12)	.00	(42,138.12)
Support Services:							
Tuition	2,315,945.32	.00	.00	.00	(2,315,945.32)	.00	(2,315,945.32)
Student & Instruction Related Services	709,150.24	.00	34,401.93	.00	(674,748.31)	.00	(674,748.31)
General Administration	297,330.67	.00	21,892.13	.00	(275,438.54)	.00	(275,438.54)
School Administrative Services	105,066.73	.00	.00	.00	(105,066.73)	.00	(105,066.73)
Central Services	132,412.57	.00	.00	.00	(132,412.57)	.00	(132,412.57)
Administration Information Technology	10,720.00	.00	.00	.00	(10,720.00)	.00	(10,720.00)
Plant Operations and Maintenance	375,289.46	.00	.00	.00	(375,289.46)	.00	(375,289.46)
Pupil Transportation	198,845.56	.00	.00	.00	(198,845.56)	.00	(198,845.56)
Charter Schools	45,776.00	.00	.00	.00	(45,776.00)	.00	(45,776.00)
Interest on Long-Term Debt	346,159.50	.00	.00	.00	(346,159.50)	.00	(346,159.50)
Unallocated Depreciation	485.00	.00	.00	.00	(485.00)	.00	(485.00)
Unallocated Amortization	1,080.84	.00	.00	.00	(1,080.84)	.00	(1,080.84)
Total Governmental Activities	<u>\$7,466,225.55</u>	<u>.00</u>	<u>312,744.80</u>	<u>.00</u>	<u>(7,153,480.75)</u>	<u>.00</u>	<u>(7,153,480.75)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Service	128,335.06	79,018.60	71,053.59	.00	.00	21,737.13	21,737.13
Total Business-Type Activities	<u>128,335.06</u>	<u>79,018.60</u>	<u>71,053.59</u>	<u>.00</u>	<u>.00</u>	<u>21,737.13</u>	<u>21,737.13</u>
Total Primary Government	<u>\$7,594,560.61</u>	<u>79,018.60</u>	<u>383,798.39</u>	<u>.00</u>	<u>(7,153,480.75)</u>	<u>21,737.13</u>	<u>(7,131,743.62)</u>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property Taxes Levied for General Purposes, Net					4,917,380.00	.00	4,917,380.00
Taxes Levied for Debt Service					528,109.00	.00	528,109.00
Federal and State Aid Not Restricted					1,829,235.00	.00	1,829,235.00
Federal and State Aid Restricted					477,316.33	.00	477,316.33
Investment Earnings					6,294.68	165.89	6,460.57
Miscellaneous Income					4,923.95	.00	4,923.95
Transfers					.00	.00	.00
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>7,763,258.96</u>	<u>165.89</u>	<u>7,763,424.85</u>
Change in Net Assets					609,778.21	21,903.02	631,681.23
Net Assets - Beginning					3,003,333.38	49,358.45	3,052,691.83
Net Assets - Ending					<u>\$3,613,111.59</u>	<u>71,261.47</u>	<u>3,684,373.06</u>

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	1,597,639.42	.00	.00	754.84	1,598,394.26
Investments	274,721.00	.00	3,604.14	.00	278,325.14
Due from Other Funds	50,925.43	.00	.00	.00	50,925.43
Receivables from Other Governments	126,000.47	94,397.00	.00	.00	220,397.47
Restricted Cash and Cash Equivalents	<u>11,123.44</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>11,123.44</u>
Total Assets	<u>\$2,060,409.76</u>	<u>94,397.00</u>	<u>3,604.14</u>	<u>754.84</u>	<u>2,159,165.74</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	65,857.49	23,332.50	.00	.00	89,189.99
Interfunds Payable	25,546.00	54,325.43	.00	.00	79,871.43
Payable to State Government	.00	1,715.65	.00	.00	1,715.65
Deferred Revenue	<u>.00</u>	<u>15,023.42</u>	<u>.00</u>	<u>.00</u>	<u>15,023.42</u>
Total Liabilities	<u>91,403.49</u>	<u>94,397.00</u>	<u>.00</u>	<u>.00</u>	<u>185,800.49</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess Surplus - Current Year	877,301.23	.00	.00	.00	877,301.23
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	717,793.34	.00	.00	.00	717,793.34
Capital Reserve	11,123.44	.00	.00	.00	11,123.44
Capital Projects	.00	.00	3,604.14	.00	3,604.14
Debt Service	.00	.00	.00	754.84	754.84
<b>Assigned for:</b>					
Designated by BOE for Subsequent Year's Expenditures	144,825.66	.00	.00	.00	144,825.66
Other Purposes	14,979.60	.00	.00	.00	14,979.60
<b>Unassigned:</b>					
General Fund	202,983.00	.00	.00	.00	202,983.00
Special Revenue Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Fund Balances	<u>1,969,006.27</u>	<u>.00</u>	<u>3,604.14</u>	<u>754.84</u>	<u>1,973,365.25</u>
Total Liabilities and Fund Balances	<u>\$2,060,409.76</u>	<u>94,397.00</u>	<u>3,604.14</u>	<u>754.84</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$11,880,932.05 and the accumulated depreciation is \$1,660,620.42 (See Note 5).

10,220,311.63

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6)

(8,438,234.56)

The costs associated with the issuance of bonds are expended in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are \$21,617.18 and the accumulated amortization is \$5,494.27 (See Note 18).

16,122.91

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.

(158,453.64)

Net Assets of Government Funds

\$3,613,111.59

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	4,917,380.00	.00	.00	528,109.00	5,445,489.00
Interest Earned on Capital Reserve	55.47	.00	.00	.00	55.47
Interest Earned on Investments	6,044.38	.00	194.83	.00	6,239.21
Miscellaneous	<u>4,923.95</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>4,923.95</u>
Total - Local Sources	4,928,403.80	.00	194.83	528,109.00	5,456,707.63
State Sources	2,141,979.80	.00	.00	177,964.00	2,319,943.80
Federal Sources	<u>.00</u>	<u>299,352.33</u>	<u>.00</u>	<u>.00</u>	<u>299,352.33</u>
Total Revenues	<u>7,070,383.60</u>	<u>299,352.33</u>	<u>194.83</u>	<u>706,073.00</u>	<u>8,076,003.76</u>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	1,537,022.87	132,249.33	.00	.00	1,669,272.20
Special Education Instruction	268,656.78	.00	.00	.00	268,656.78
Other Special Instruction	134,975.62	.00	.00	.00	134,975.62
Other Instruction	42,138.12	.00	.00	.00	42,138.12
Support Services:					
Tuition	2,315,945.32	.00	.00	.00	2,315,945.32
Student & Instruction Related Services	405,093.80	167,103.00	.00	.00	572,196.80
General Administration	199,012.87	.00	.00	.00	199,012.87
School Administrative Services	83,950.70	.00	.00	.00	83,950.70
Central Services	132,412.57	.00	.00	.00	132,412.57
Administration Information Technology	10,720.00	.00	.00	.00	10,720.00
Plant Operations and Maintenance	332,475.34	.00	.00	.00	332,475.34
Pupil Transportation	198,845.56	.00	.00	.00	198,845.56
Employee Benefits	1,134,116.38	.00	.00	.00	1,134,116.38
Transfer to Charter Schools	45,776.00	.00	.00	.00	45,776.00
Debt Service:					
Principal	.00	.00	.00	360,000.00	360,000.00
Interest and Other Charges	.00	.00	.00	352,968.82	352,968.82
Capital Outlay	<u>.00</u>	<u>.00</u>	<u>53,291.43</u>	<u>.00</u>	<u>53,291.43</u>
Total Expenditures	<u>6,841,141.93</u>	<u>299,352.33</u>	<u>53,291.43</u>	<u>712,968.82</u>	<u>7,906,754.51</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>229,241.67</u>	<u>.00</u>	<u>(53,096.60)</u>	<u>(6,895.82)</u>	<u>169,249.25</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	.00	.00	.00	194.83	194.83
Transfers Out	<u>(.00)</u>	<u>(.00)</u>	<u>(194.83)</u>	<u>(.00)</u>	<u>(194.83)</u>
Total Other Financing Sources and Uses	<u>.00</u>	<u>.00</u>	<u>(194.83)</u>	<u>194.83</u>	<u>.00</u>
Net Change in Fund Balances	229,241.67	.00	(53,291.43)	(6,700.99)	169,249.25
Fund Balance - July 1	<u>1,739,764.60</u>	<u>(.00)</u>	<u>56,895.57</u>	<u>7,455.83</u>	<u>1,804,116.00</u>
Fund Balance - June 30	<u>\$1,969,006.27</u>	<u>.00</u>	<u>3,604.14</u>	<u>754.84</u>	<u>1,973,365.25</u>

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)	169,249.25
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	(2,865.95)	
Capital Outlay	<u>53,291.43</u>	50,425.48

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.	360,000.00
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	24,375.00
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Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.	6,809.32
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Bond issuance costs are expenditures in the fund financial statements when debt is issued but, it is amortized over the term of the bond in the government-wide financial statements.	<u>(1,080.84)</u>
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Change in net assets of governmental activities	<u>\$ 609,778.21</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statements of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

**Food Service Fund**

**ASSETS:**

Current Assets:

Cash and Cash Equivalents	49,600.84
Accounts Receivable:	
State	202.58
Federal	3,874.24
Interfund	17,020.44
Other	4,776.64
Inventories	<u>1,452.14</u>

Total Current Assets 76,926.88

Noncurrent Assets:

Equipment	54,737.87
Less Accumulated Depreciation	<u>(53,427.57)</u>

Total Noncurrent Assets 1,310.30

Total Assets \$ 78,237.18

**LIABILITIES:**

Current Liabilities:

Accounts Payable	6,975.71
Interfund Payable	<u>.00</u>

Total Current Liabilities 6,975.71

**NET ASSETS:**

Invested in Capital Assets, Net of Related Debt	1,310.30
Unrestricted	<u>69,951.17</u>

Total Net Assets \$ 71,261.47

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

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

**Food Service Fund**

**OPERATING REVENUES:**

Local Sources:

Daily Sales - Reimbursable Programs	47,403.09
Daily Sales - Non-Reimbursable Programs	18,590.15
Satellite Sales - Non-Reimbursable Programs	<u>13,025.36</u>

Total Operating Revenues	<u>79,018.60</u>
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**OPERATING EXPENSES:**

Food Service Costs:

Cost of Food	55,141.57
Wages	42,032.96
Payroll Taxes and Benefits	6,940.04
Insurance	5,606.64
Supplies	4,401.01
Uniforms and Laundry	252.34
Miscellaneous	1,809.27
Management Fee	8,456.00
Administration Charges	<u>2,500.00</u>
	127,139.83

Other Expenses:

Repairs	915.22
Depreciation	<u>280.01</u>

Total Operating Expenses	<u>128,335.06</u>
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Operating Loss	<u>(49,316.46)</u>
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**NON-OPERATING REVENUES:**

State Sources:

State School Lunch Program	1,831.33
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Federal Sources:

National School Lunch Program	59,089.82
School Breakfast Program	5,931.34
Food Distribution Program	4,201.10
Interest Earnings	<u>165.89</u>

Total Non-Operating Revenues	<u>71,219.48</u>
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Income Before Contributions and Transfers	21,903.02
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Operating Transfer In: Board Contribution	<u>.00</u>
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Change in Net Assets	21,903.02
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Total Net Assets - July 1	<u>49,358.45</u>
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Total Net Assets - June 30	<u>\$ 71,261.47</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

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

**Food Service Fund**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Daily and Satellite Sales	75,304.76
Payments to Food Service Vendor	(135,785.29)
Payments for Other Expenses	<u>(915.22)</u>

Net Cash Used for Operating Activities (61,395.75)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

State Reimbursements	1,628.75
Federal Reimbursements	61,146.92
Interfunds	.00
Board Contribution	<u>.00</u>

Net Cash Provided by Non-Capital Financing Activities 62,775.67

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Purchase of Equipment	<u>(.00)</u>
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Net Cash Used for Capital and Related Financing Activities (.00)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	<u>165.89</u>
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Net Cash Provided by Investing Activities 165.89

Net Increase (Decrease) in Cash and Cash Equivalents 1,545.81

Cash and Cash Equivalents - July 1 48,055.03

Cash and Cash Equivalents - June 30 \$ 49,600.84

**Reconciliation of Operating Loss to Net Cash Used by Operating Activities:**

Operating Loss	<u>(49,316.46)</u>
Depreciation	280.01
Donated Commodities Received During the Year	4,201.10
(Increase) Decrease in Inventories	1,406.03
Increase (Decrease) in Accounts Payable	(14,252.59)
(Increase) Decrease in Other Accounts Receivable	<u>(3,713.84)</u>

Total Adjustments (12,079.29)

Net Cash Used for Operating Activities \$ (61,395.75)

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	173,439.17	9,935.40
Accounts Receivable:		
Payroll Service Vendor	1,702.27	.00
Interfunds	<u>6,464.11</u>	<u>5,461.45</u>
Total Assets	<u>181,605.55</u>	<u>15,396.85</u>
<b>LIABILITIES:</b>		
Accounts Payable	.00	245.00
Payroll Deductions and Withholdings	.00	.01
Due to Student Groups	<u>.00</u>	<u>15,151.84</u>
Total Liabilities	<u>.00</u>	<u>\$15,396.85</u>
<b>NET ASSETS:</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>181,605.55</u>	
Total Net Assets	<u>\$181,605.55</u>	

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

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

**Unemployment  
Compensation  
Trust**

**ADDITIONS:**

Contributions:

Plan Member	4,848.81
Other -Budget Contributions	<u>45,000.00</u>

Total Contributions	<u>49,848.81</u>
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Investment Earnings:

Interest	<u>632.77</u>
Net Investment Earnings	<u>632.77</u>

Total Additions	<u>50,481.58</u>
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**DEDUCTIONS:**

Unemployment Claims	<u>11,486.92</u>
Total Deductions	<u>11,486.92</u>
Change in Net Assets	38,994.66

Net Assets - July 1	<u>142,610.89</u>
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Net Assets - June 30	<u>\$181,605.55</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**A. Description of the District and Reporting Entity:**

The Neptune City School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three year-terms. The purpose of the District is to educate students in grades K-8. The Neptune City School District had an approximate enrollment at June 30, 2011 of 395 students.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

In the fiscal year 2003/2004, the District implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that District-Wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model.

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-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.

**Basis of Presentation**

*District-Wide Statements:* The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

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

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

The District reports the following governmental funds:

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

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

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

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

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation, Basis of Accounting (Cont'd):**

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

**Basic of Accounting:**

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

*District-Wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Budgets/Budgetary Control (Cont'd):**

All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

**D. Assets, Liabilities, and Equity:**

**Cash, Cash Equivalents, and Investments:**

Cash and cash equivalents include 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. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at cost.

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

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

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-Wide statements are reported in the same manner as general revenues. 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 as non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Assets, Liabilities, and Equity (Cont'd):**

**Allowance for Uncollectible Accounts:**

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

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 1992 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.00.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Land Improvements	20
Office & Computer Equipment	5
Furniture	10
Other Equipment	10
Trucks	5

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

**Deferred Revenue:**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Assets, Liabilities, and Equity (Cont'd):**

**Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

**Fund Balance:**

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classifications that compromise 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 these amounts.

**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 way of a formal job description for the position, approved by the Board of Education.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other 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 balance 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.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Assets, Liabilities, and Equity (Cont'd):**

**Revenues - Exchange and Nonexchange Transactions:**

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

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

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

**Operating Revenue and Expenses:**

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

**Management Estimates:**

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

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2011, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand deposits			1,659,118.54
<b>Investments:</b>			
Certificate of Deposit - Kearny Federal Savings	N/A	10/28/11	<u>278,325.14</u>
<b>Total deposits and investments</b>			<b><u>\$1,937,443.68</u></b>
<b>Reconciliation of Statement of Net Assets</b>			
<b>Current:</b>			
Cash and cash equivalents			1,659,118.54
Investments			<u>278,325.14</u>
			<b><u>\$1,937,443.68</u></b>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**Custodial Credit Risk** - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$2,159,191.13 at June 30, 2011. Of the bank balance \$670,781.04 was fully insured by depository insurance and \$1,488,410.09 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**Investment Interest Rate Risk** - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2011, are provided in the above schedule.

**Investment Credit Risk** - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

**Concentration of Investment Credit Risk** - The District places no limit on the amount it may invest in any one issuer. At June 30, 2011, the District's investments are with Investors Savings Bank and Kearny Federal Savings as shown above.

**NOTE 3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Neptune City Board of Education by inclusion of \$1.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2010	\$11,067.97
Interest earnings	55.47
Deposits	
Approved at April 2010 election	.00
Withdrawals	
Board resolution	<u>.00</u>
Ending balance, June 30, 2011	<u>\$11,123.44</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$0.00.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2011, consisted of interfund and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	126,000.47	126,203.05
Federal Aid	94,397.00	98,271.24
Interfunds	50,925.43	17,020.44
Other	<u>.00</u>	<u>4,776.64</u>
Gross Receivables	271,322.90	246,271.37
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$271,322.90</u>	<u>246,271.37</u>

**NOTE 5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	30,000.00	.00	.00	30,000.00
Construction in progress	<u>10,129,785.00</u>	<u>53,291.43</u>	<u>.00</u>	<u>10,183,076.43</u>
Total capital assets not being depreciated	<u>10,159,785.00</u>	<u>53,291.43</u>	<u>.00</u>	<u>10,213,076.43</u>
Capital assets being depreciated:				
Site improvements	22,325.00	.00	.00	22,325.00
Building and building improvements	1,255,494.95	.00	.00	1,255,494.95
Machinery and equipment	385,035.67	.00	.00	385,035.67
Truck	<u>5,000.00</u>	<u>.00</u>	<u>.00</u>	<u>5,000.00</u>
Total capital assets being depreciated	<u>1,667,855.62</u>	<u>.00</u>	<u>.00</u>	<u>1,667,855.62</u>
Total at historical cost	<u>11,827,640.62</u>	<u>53,291.43</u>	<u>.00</u>	<u>11,880,932.05</u>
Less accumulated depreciation for:				
Site Improvements	(22,325.00)	(.00)	.00	(22,325.00)
Building and improvements	(1,247,970.46)	(2,129.75)	.00	(1,250,100.21)
Machinery and equipment	(382,459.01)	(736.20)	.00	(383,195.21)
Truck	<u>(5,000.00)</u>	<u>(.00)</u>	<u>.00</u>	<u>(5,000.00)</u>
Total accumulated depreciation	<u>(1,657,754.47)</u>	<u>(2,865.95)</u>	<u>.00</u>	<u>(1,660,620.42)</u>
Governmental activity capital assets, net	<u>\$10,169,886.15</u>	<u>50,425.48</u>	<u>.00</u>	<u>10,220,311.63</u>
<b>Business-Type Activities:</b>				
Capital assets being depreciated:				
Equipment	54,737.87	.00	.00	54,737.87
Less accumulated depreciation	<u>(53,147.56)</u>	<u>(280.01)</u>	<u>.00</u>	<u>(53,427.57)</u>
Enterprise fund capital assets, net	<u>\$ 1,590.31</u>	<u>(280.01)</u>	<u>.00</u>	<u>1,310.30</u>

Depreciation expense was charged to the following governmental programs:

Instruction	277.71
Support Services - Administration	1,367.04
Operation and Maintenance of Plant Services	736.20
Unallocated	<u>485.00</u>
Total	<u>\$2,865.95</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**6. LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	102,609.56	1,350.00	(25,725.00)	78,234.56	20,350.00
Bonds	<u>8,720,000.00</u>	<u>.00</u>	<u>(360,000.00)</u>	<u>8,360,000.00</u>	<u>375,000.00</u>
	<u>\$8,822,609.56</u>	<u>1,350.00</u>	<u>(385,725.00)</u>	<u>8,438,234.56</u>	<u>395,350.00</u>
<b>Government Activities</b>					
		<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance</u> <u>June 30, 2011</u>
Bonds Payable		06/01/2006	4.125% - 4.200%	07/15/2026	<u>8,360,000.00</u>
<b>Total Bonds</b>					<u>\$8,360,000.00</u>

**B. Debt Service Requirements:**

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

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	375,000.00	337,809.38	712,809.38
2013	390,000.00	322,031.25	712,031.25
2014	410,000.00	305,531.25	715,531.25
2015	425,000.00	288,309.38	713,309.38
2016	445,000.00	270,365.63	715,365.63
2017-2021	2,510,000.00	1,055,962.51	3,565,962.51
2022-2026	3,105,000.00	478,687.52	3,583,687.52
2027	<u>700,000.00</u>	<u>14,699.99</u>	<u>714,699.99</u>
	<u>\$8,360,000.00</u>	<u>3,073,396.91</u>	<u>11,433,396.91</u>

**C. Bonds Authorized But Not Issued:** The District had \$543.00 authorized but not issued bonds at June 30, 2011.

**NOTE 7. FUND BALANCE APPROPRIATED**

General Fund - Of the \$1,969,006.27 General Fund fund balance at June 30, 2011, \$877,301.23 has been restricted for excess surplus; \$717,793.34 has been restricted for excess surplus at June 30, 2010 and has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$11,123.44 has been restricted for the Capital Reserve Account; \$14,979.60 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$144,825.66 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2012; and \$202,983.00 is unassigned.

**NOTE 8. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c. 73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1997 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$877,301.23.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 9. CONTINGENT LIABILITIES**

**Grant Programs:**

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

**NOTE 10. PENSION PLANS**

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

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

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

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

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

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1998 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 10. PENSION PLANS (CONT'D)**

**Significant Legislation (Cont'd)** - P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for services credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c. 2, effective May 21, 2010, also requires contributions toward health care benefits coverage by public employees and certain retirees.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

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

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	47,769.00	100%	47,769.00
6/30/10	34,933.00	100%	34,933.00
6/30/09	29,875.00	100%	29,875.00

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	152,205.00	100%	.00
6/30/10	149,313.00	100%	.00
6/30/09	143,443.00	100%	.00

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$152,205.00 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$160,539.80 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 11. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

**NOTE 12. COMPENSATED ABSENCES**

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

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. 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. Upon retirement and who have not less than twenty (20) years of service in the District, the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employee unions.

The entire liability for compensated absences is reported in the District-Wide Statements of Net Assets.

**NOTE 13. DEFERRED COMPENSATION**

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

AXA Equitable  
Siracusa Benefits Program

**14. RISK MANAGEMENT**

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

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**14. RISK MANAGEMENT (CONT'D)**

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	45,632.77	4,848.81	11,486.92	181,605.55
2009-2010	45,364.89	4,794.10	15,646.90	142,610.89
2008-2009	35,444.12	7,895.74	20,756.52	108,098.80

**NOTE 15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2011 consisted of the following individual fund receivable and payables:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Special Revenue Fund	50,295.43	.00
Unemployment Compensation Trust	.00	6,464.11
Food Service Fund	.00	17,020.44
Agency Fund	.00	2,061.45
Special Revenue Fund:		
General Fund	.00	50,295.43
Agency Fund	.00	3,400.00
Food Service Fund:		
General Fund	17,020.44	.00
Unemployment Compensation Trust:		
General Fund	6,464.11	.00
Agency Fund:		
Special Revenue Fund	3,400.00	.00
General Fund	<u>2,061.45</u>	<u>.00</u>
	<u>\$79,241.43</u>	<u>79,241.43</u>

The general fund's interfund payable to the unemployment compensation trust, food service fund, agency fund and the special revenue fund's interfund payable to the agency fund are reported as other payables on the District-Wide statement of net assets. All balances are expected to be paid within one year. All of the interfunds represent short-term loans.

As of June 30, 2011, the District's operating transfers consisted of the following:

<u>\$194.83</u>	From the Capital Projects Fund to the Debt Service Fund for interest income
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**NEPTUNE CITY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 16. INVENTORY**

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

Food	621.92
Supplies	<u>830.22</u>
	<u>\$1,452.14</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 17. DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-Wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bond, (20 years). The prior year costs associated with the issuance of the general obligation bond amounted to \$21,617.18. The amortization expense for the fiscal year ended June 30, 2011, amounted to \$1,080.84, and the total accumulated amortization is \$5,494.27.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	4,917,380.00	0.00	4,917,380.00	4,917,380.00	0.00
Interest Earned on Capital Reserve Funds	150.00	0.00	150.00	55.47	(94.53)
Miscellaneous	10,000.00	0.00	10,000.00	10,968.33	968.33
<b>Total - Local Sources</b>	<u>4,927,530.00</u>	<u>0.00</u>	<u>4,927,530.00</u>	<u>4,928,403.80</u>	<u>873.80</u>
<b>State Sources:</b>					
Equalization Aid	1,555,508.00	(199,560.00)	1,355,948.00	1,355,948.00	0.00
Special Education Categorical Aid	121,137.00	199,560.00	320,697.00	320,697.00	0.00
Extraordinary Special Education Costs Aid	67,000.00	0.00	67,000.00	118,100.00	51,100.00
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	0.00	0.00	0.00	145,361.00	145,361.00
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	0.00	0.00	0.00	6,844.00	6,844.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	0.00	0.00	0.00	160,539.80	160,539.80
<b>Total State Sources</b>	<u>1,743,645.00</u>	<u>0.00</u>	<u>1,743,645.00</u>	<u>2,107,489.80</u>	<u>363,844.80</u>
<b>Total Revenues</b>	<u>6,671,175.00</u>	<u>0.00</u>	<u>6,671,175.00</u>	<u>7,035,893.60</u>	<u>364,718.60</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	132,900.00	0.00	132,900.00	126,966.00	5,934.00
Grades 1-5 - Salaries of Teachers	754,000.00	0.00	754,000.00	711,117.12	42,882.88
Grades 6-8 - Salaries of Teachers	560,000.00	8,900.00	568,900.00	547,655.64	21,244.36
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	5,000.00	0.00	5,000.00	4,329.88	670.12
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	72,000.00	2,100.00	74,100.00	74,033.01	66.99
Purchased Professional-Educational Services	10,000.00	0.00	10,000.00	0.00	10,000.00
Other Purchased Services (400-500 series)	29,000.00	2,000.00	31,000.00	29,945.61	1,054.39
General Supplies	101,543.00	(14,123.00)	87,420.00	24,412.24	63,007.76
Textbooks	60,000.00	(13,000.00)	47,000.00	8,369.69	38,630.31
Other Objects	25,000.00	0.00	25,000.00	10,193.68	14,806.32
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,749,443.00</u>	<u>(14,123.00)</u>	<u>1,735,320.00</u>	<u>1,537,022.87</u>	<u>198,297.13</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	46,550.00	0.00	46,550.00	20,636.33	25,913.67
Other Salaries for Instruction	0.00	18,900.00	18,900.00	18,801.00	99.00
General Supplies	1,500.00	0.00	1,500.00	0.00	1,500.00
<b>Total Learning and/or Language Disabilities</b>	<u>48,050.00</u>	<u>18,900.00</u>	<u>66,950.00</u>	<u>39,437.33</u>	<u>27,512.67</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	205,800.00	0.00	205,800.00	192,386.00	13,414.00
General Supplies	3,000.00	1,073.37	4,073.37	2,026.11	2,047.26
<b>Total Resource Room/Resource Center</b>	<u>208,800.00</u>	<u>1,073.37</u>	<u>209,873.37</u>	<u>194,412.11</u>	<u>15,461.26</u>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	24,250.00	600.00	24,850.00	22,209.85	2,640.15
Other Salaries for Instruction	12,500.00	100.00	12,600.00	12,597.49	2.51
General Supplies	600.00	(100.00)	500.00	0.00	500.00
<b>Total Preschool Disabilities - Part-Time</b>	<u>37,350.00</u>	<u>600.00</u>	<u>37,950.00</u>	<u>34,807.34</u>	<u>3,142.66</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>294,200.00</u>	<u>20,573.37</u>	<u>314,773.37</u>	<u>268,656.78</u>	<u>46,116.59</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	91,500.00	0.00	91,500.00	80,303.62	11,196.38
General Supplies	3,000.00	0.00	3,000.00	0.00	3,000.00
<b>Total Basic Skills/Remedial - Instruction</b>	<u>94,500.00</u>	<u>0.00</u>	<u>94,500.00</u>	<u>80,303.62</u>	<u>14,196.38</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	54,850.00	0.00	54,850.00	54,233.00	617.00
General Supplies	1,000.00	0.00	1,000.00	439.00	561.00
<b>Total Bilingual Education - Instruction</b>	<b>55,850.00</b>	<b>0.00</b>	<b>55,850.00</b>	<b>54,672.00</b>	<b>1,178.00</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	17,000.00	0.00	17,000.00	12,807.19	4,192.81
Supplies and Materials	2,500.00	0.00	2,500.00	0.00	2,500.00
Other Objects	1,450.00	0.00	1,450.00	0.00	1,450.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>20,950.00</b>	<b>0.00</b>	<b>20,950.00</b>	<b>12,807.19</b>	<b>8,142.81</b>
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	23,000.00	0.00	23,000.00	21,975.00	1,025.00
Purchased Services (300-500 series)	6,500.00	0.00	6,500.00	4,220.00	2,280.00
Supplies and Materials	7,500.00	0.00	7,500.00	968.00	6,532.00
Other Objects	3,000.00	0.00	3,000.00	2,167.93	832.07
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	<b>40,000.00</b>	<b>0.00</b>	<b>40,000.00</b>	<b>29,330.93</b>	<b>10,669.07</b>
<b>Other Instructional Programs - Instruction</b>					
<b>Before/After School Programs - Instruction</b>					
Salaries	12,000.00	0.00	12,000.00	0.00	12,000.00
Supplies and Materials	3,000.00	0.00	3,000.00	0.00	3,000.00
<b>Total Before/After School Programs - Instruction</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
<b>Community Services Programs/Operations</b>					
Purchased Services (300-500 series)	1,000.00	0.00	1,000.00	0.00	1,000.00
<b>Total Community Services Programs/Operations</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
<b>TOTAL INSTRUCTION AND AT-RISK PROGRAMS</b>	<b>2,270,943.00</b>	<b>6,450.37</b>	<b>2,277,393.37</b>	<b>1,982,793.39</b>	<b>294,599.98</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	1,126,532.00	0.00	1,126,532.00	1,126,532.00	0.00
Tuition to Other LEAs Within the State - Special	101,303.00	0.00	101,303.00	82,733.03	18,569.97
Tuition to County Voc. School Dist. - Regular	87,000.00	0.00	87,000.00	82,675.00	4,325.00
Tuition to County Voc. School Dist. - Special	55,000.00	0.00	55,000.00	45,000.00	10,000.00
Tuition to Private Schools for the Disabled - Within State	1,053,188.00	0.00	1,053,188.00	979,005.29	74,182.71
<b>Total Undistributed Expenditures - Instruction:</b>	<b>2,423,023.00</b>	<b>0.00</b>	<b>2,423,023.00</b>	<b>2,315,945.32</b>	<b>107,077.68</b>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	21,380.00	0.00	21,380.00	21,337.40	42.60
Purchased Professional and Technical Services	8,000.00	0.00	8,000.00	0.00	8,000.00
Supplies and Materials	250.00	0.00	250.00	0.00	250.00
Other Objects	300.00	0.00	300.00	0.00	300.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<b>29,930.00</b>	<b>0.00</b>	<b>29,930.00</b>	<b>21,337.40</b>	<b>8,592.60</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	47,665.00	0.00	47,665.00	46,106.00	1,559.00
Purchased Professional and Technical Services	6,650.00	0.00	6,650.00	6,650.00	0.00
Supplies and Materials	3,700.00	0.00	3,700.00	1,962.36	1,737.64
Other Objects	800.00	0.00	800.00	115.00	685.00
<b>Total Undistributed Expenditures - Health Services</b>	<b>58,815.00</b>	<b>0.00</b>	<b>58,815.00</b>	<b>54,833.36</b>	<b>3,981.64</b>
<b>Undist. Expend. - Speech/Occupational Therapy, Physical Therapy &amp; Related Serv.</b>					
Salaries	65,225.00	3,200.00	68,425.00	68,376.00	49.00
Purchased Professional - Educational Services	45,000.00	(2,200.00)	42,800.00	34,711.75	8,088.25
Supplies and Materials	1,000.00	0.00	1,000.00	543.45	456.55
<b>Total Undist. Expend. - Speech/Occ Therapy, PT &amp; Related Serv.</b>	<b>111,225.00</b>	<b>1,000.00</b>	<b>112,225.00</b>	<b>103,631.20</b>	<b>8,593.80</b>
<b>Other Support Services - Students - Extraordinary</b>					
Purchased Professional - Educational Services	161,000.00	(20,500.00)	140,500.00	118,365.68	22,134.32
<b>Total Support Services - Students - Extraordinary</b>	<b>161,000.00</b>	<b>(20,500.00)</b>	<b>140,500.00</b>	<b>118,365.68</b>	<b>22,134.32</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	87,015.00	0.00	87,015.00	84,584.08	2,430.92
Salaries of Secretarial and Clerical Assistants	12,000.00	0.00	12,000.00	10,583.37	1,416.63
Purchased Professional - Educational Services	3,500.00	0.00	3,500.00	0.00	3,500.00
Other Purchased Prof. and Tech. Services	2,500.00	0.00	2,500.00	2,118.12	381.88
Supplies and Materials	4,500.00	0.00	4,500.00	2,921.46	1,578.54
<b>Total Undist. Expend. - Child Study Teams</b>	<b>109,515.00</b>	<b>0.00</b>	<b>109,515.00</b>	<b>100,207.03</b>	<b>9,307.97</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Supplies and Materials	8,700.00	0.00	8,700.00	2,884.63	5,815.37
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>8,700.00</b>	<b>0.00</b>	<b>8,700.00</b>	<b>2,884.63</b>	<b>5,815.37</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Services (400-500 series)	5,000.00	0.00	5,000.00	3,834.50	1,165.50
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>	<b>3,834.50</b>	<b>1,165.50</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	145,600.00	0.00	145,600.00	139,874.80	5,725.20
Legal Services	10,000.00	1,000.00	11,000.00	10,510.00	490.00
Audit Fees	12,500.00	0.00	12,500.00	12,500.00	0.00
Architectural/Engineering Services	2,000.00	(1,000.00)	1,000.00	0.00	1,000.00
Other Purchased Professional Services	6,500.00	0.00	6,500.00	80.00	6,420.00
Purchased Technical Services	11,000.00	8,900.00	19,900.00	3,295.00	16,605.00
Communications/Telephone	11,500.00	0.00	11,500.00	8,174.37	3,325.63
BOE Other Purchased Services	500.00	0.00	500.00	0.00	500.00
Miscellaneous Purchased Services (400-500 series other than 530/585)	10,800.00	8,000.00	18,800.00	9,750.26	9,049.74
General Supplies	5,000.00	4,000.00	9,000.00	1,698.97	7,301.03
Miscellaneous Expenditures	8,500.00	2,990.00	11,490.00	8,940.92	2,549.08
BOE Membership Dues and Fees	5,100.00	0.00	5,100.00	4,188.55	911.45
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>229,000.00</b>	<b>23,890.00</b>	<b>252,890.00</b>	<b>199,012.87</b>	<b>53,877.13</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Secretarial and Clerical Assistants	78,180.00	4,000.00	82,180.00	72,191.02	9,988.98
Supplies and Materials	5,000.00	2,218.00	7,218.00	4,596.00	2,622.00
Other Objects	9,000.00	3,000.00	12,000.00	7,163.68	4,836.32
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>92,180.00</b>	<b>9,218.00</b>	<b>101,398.00</b>	<b>83,950.70</b>	<b>17,447.30</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	121,500.00	0.00	121,500.00	117,954.96	3,545.04
Purchased Professional Services	6,500.00	5,500.00	12,000.00	9,853.70	2,146.30
Supplies and Materials	4,900.00	5,915.00	10,815.00	2,748.00	8,067.00
Miscellaneous Expenditures	4,750.00	5,000.00	9,750.00	1,855.91	7,894.09
<b>Total Undistributed Expenditures - Central Services</b>	<b>137,650.00</b>	<b>16,415.00</b>	<b>154,065.00</b>	<b>132,412.57</b>	<b>21,652.43</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Purchased Technical Services	21,000.00	0.00	21,000.00	10,720.00	10,280.00
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>21,000.00</b>	<b>0.00</b>	<b>21,000.00</b>	<b>10,720.00</b>	<b>10,280.00</b>
<b>Undist. Expend. -Required Maintenance for School Facilities</b>					
Salaries	40,000.00	0.00	40,000.00	31,500.00	8,500.00
Cleaning, Repair, and Maintenance Services	10,000.00	0.00	10,000.00	165.00	9,835.00
<b>Total Undist. Expend. -Required Maintenance for School Facilities</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>31,665.00</b>	<b>18,335.00</b>
<b>Undist. Expend. - Other Operation &amp; Maintenance of Plant Services</b>					
Salaries	118,500.00	0.00	118,500.00	113,039.50	5,460.50
Cleaning, Repair and Maintenance Services	32,200.00	1,500.00	33,700.00	20,557.68	13,142.32
Other Purchased Property Services	7,000.00	0.00	7,000.00	3,874.80	3,125.20
Insurance	46,000.00	0.00	46,000.00	32,995.00	13,005.00
General Supplies	18,000.00	498.92	18,498.92	15,711.08	2,787.84
Energy - Heat & Electricity	125,000.00	0.00	125,000.00	106,597.43	18,402.57
Other Objects	19,500.00	0.00	19,500.00	8,034.85	11,465.15
<b>Total Undist. Expend. - Other Operation &amp; Maintenance of Plant Se</b>	<b>366,200.00</b>	<b>1,998.92</b>	<b>368,198.92</b>	<b>300,810.34</b>	<b>67,388.58</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant Services</b>	<b>416,200.00</b>	<b>1,998.92</b>	<b>418,198.92</b>	<b>332,475.34</b>	<b>85,723.58</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contract Services (Other than Between Home & School)-Vendors	19,500.00	0.00	19,500.00	14,163.00	5,337.00
Contract Services - (Between Home and Sch) - Joint Agrmts	130,000.00	(2,000.00)	128,000.00	58,739.34	69,260.66
Contr Serv (Spl. Ed. Students) - Vendors	10,000.00	0.00	10,000.00	745.35	9,254.65
Contr Serv (Spl. Ed. Students) - Joint Agrmt	195,000.00	(30,000.00)	165,000.00	125,197.87	39,802.13
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>354,500.00</u>	<u>(32,000.00)</u>	<u>322,500.00</u>	<u>198,845.56</u>	<u>123,654.44</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	65,000.00	0.00	65,000.00	51,180.81	13,819.19
Other Retirement Contributions - Regular	45,000.00	2,800.00	47,800.00	47,769.00	31.00
Unemployment Compensation	45,000.00	0.00	45,000.00	45,000.00	0.00
Workmen's Compensation	30,000.00	0.00	30,000.00	28,688.00	1,312.00
Health Benefits	845,000.00	(33,119.00)	811,881.00	646,708.77	165,172.23
Tuition Reimbursement	6,100.00	0.00	6,100.00	2,025.00	4,075.00
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>1,036,100.00</u>	<u>(30,319.00)</u>	<u>1,005,781.00</u>	<u>821,371.58</u>	<u>184,409.42</u>
On-behalf TPAF pension Contributions (non-budgeted)	0.00	0.00	0.00	6,844.00	(6,844.00)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib.(non-budgeted)	0.00	0.00	0.00	145,361.00	(145,361.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	0.00	0.00	0.00	160,539.80	(160,539.80)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>312,744.80</u>	<u>(312,744.80)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>1,036,100.00</u>	<u>(30,319.00)</u>	<u>1,005,781.00</u>	<u>1,134,116.38</u>	<u>(128,335.38)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>5,193,838.00</u>	<u>(30,297.08)</u>	<u>5,163,540.92</u>	<u>4,812,572.54</u>	<u>350,968.38</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>7,464,781.00</u>	<u>(23,846.71)</u>	<u>7,440,934.29</u>	<u>6,795,365.93</u>	<u>645,568.36</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	150.00	0.00	150.00	0.00	150.00
<b>Equipment</b>					
Undistributed Expenditures - Instruction	15,000.00	0.00	15,000.00	0.00	15,000.00
Undistributed Expenditures - General Administration	5,000.00	0.00	5,000.00	0.00	5,000.00
Undistributed Expenditures - Central Services	5,000.00	0.00	5,000.00	0.00	5,000.00
Undistributed Expenditures- Operation of Plant Services	25,000.00	0.00	25,000.00	0.00	25,000.00
<b>Total Equipment</b>	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>50,150.00</u>	<u>0.00</u>	<u>50,150.00</u>	<u>0.00</u>	<u>50,150.00</u>
Transfer of Funds to Charter Schools	15,457.00	30,319.00	45,776.00	45,776.00	0.00
<b>TOTAL EXPENDITURES</b>	<u>7,530,388.00</u>	<u>6,472.29</u>	<u>7,536,860.29</u>	<u>6,841,141.93</u>	<u>695,718.36</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(859,213.00)</u>	<u>(6,472.29)</u>	<u>(865,685.29)</u>	<u>194,751.67</u>	<u>1,060,436.96</u>
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer Out:</b>					
Transfer to Food Service Fund - Board Contribution	0.00	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses):</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(859,213.00)</u>	<u>(6,472.29)</u>	<u>(865,685.29)</u>	<u>194,751.67</u>	<u>1,060,436.96</u>
<b>Fund Balance, July 1</b>	1,939,371.60	0.00	1,939,371.60	1,939,371.60	0.00
<b>Fund Balance, June 30</b>	<u>\$1,080,158.60</u>	<u>(6,472.29)</u>	<u>1,073,686.31</u>	<u>2,134,123.27</u>	<u>1,060,436.96</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				11,123.44	
Excess Surplus - Designated for Subsequent Year's Expenditures				717,793.34	
Excess Surplus - Current Year				877,301.23	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				14,979.60	
Designated for Subsequent Year's Expenditures				144,825.66	
<b>Unassigned Fund Balance</b>				<u>368,100.00</u>	
				2,134,123.27	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last Two State Aid Payments not recognized on GAAP basis				(165,117.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$1,969,006.27</u>	

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

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	.00	.00	.00	.00	.00
Federal Sources	<u>213,180.00</u>	<u>80,378.00</u>	<u>293,558.00</u>	<u>290,558.00</u>	<u>3,000.00</u>
Total Revenues	<u>213,180.00</u>	<u>80,378.00</u>	<u>293,558.00</u>	<u>290,558.00</u>	<u>3,000.00</u>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	91,530.00	(2,155.00)	89,375.00	89,375.00	.00
Other Salaries for Instruction	.00	10,500.00	10,500.00	10,500.00	.00
Other Purchased Services (400-500 series)	.00	3,176.00	3,176.00	176.00	3,000.00
Tuition	121,650.00	(105,650.00)	16,000.00	16,000.00	.00
General Supplies	<u>.00</u>	<u>7,404.00</u>	<u>7,404.00</u>	<u>7,404.00</u>	<u>.00</u>
Total Instruction	<u>213,180.00</u>	<u>(86,725.00)</u>	<u>126,455.00</u>	<u>123,455.00</u>	<u>3,000.00</u>
Support Services					
Salaries of Other Professional Staff	.00	70,000.00	70,000.00	70,000.00	.00
Salaries of Secretarial & Clerical Asst.	.00	16,500.00	16,500.00	16,500.00	.00
Purchased Professional Services	.00	7,663.00	7,663.00	7,663.00	.00
Personal Services - Employee Benefits	<u>.00</u>	<u>72,940.00</u>	<u>72,940.00</u>	<u>72,940.00</u>	<u>.00</u>
Total Support Services	<u>.00</u>	<u>167,103.00</u>	<u>167,103.00</u>	<u>167,103.00</u>	<u>3,000.00</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Facilities Acquisition & Construction Services	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Expenditures	<u>213,180.00</u>	<u>80,378.00</u>	<u>293,558.00</u>	<u>290,558.00</u>	<u>3,000.00</u>
Total Outflows	<u>213,180.00</u>	<u>80,378.00</u>	<u>293,558.00</u>	<u>290,558.00</u>	<u>3,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses)	<u>\$ .00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2011**

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	7,035,893.60	290,558.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010	.00	8,794.33
Encumbrances, June 30, 2011	(.00)	(.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	199,607.00	.00
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(165,117.00)</u>	<u>(.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>7,070,383.60</u>	<u>299,352.33</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	6,841,141.93	290,558.00
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2010	.00	8,794.33
Encumbrances, June 30, 2011	(.00)	(.00)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund.	<u>.00</u>	<u>.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$6,841,141.93</u>	<u>299,352.33</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Title II Part A</u>	<u>Title I</u>	<u>IDEA Part B</u>	<u>IDEA Part B</u>	<u>Title II Part D</u>	<u>Totals</u>
	<u>Teacher and</u>	<u>Part A</u>	<u>Basic</u>	<u>Preschool</u>	<u>Enhancing</u>	<u>2011</u>
	<u>Principal</u>	<u>2010-11</u>	<u>2010-11</u>	<u>2010-11</u>	<u>Education Through</u>	<u></u>
	<u>Training</u>		<u>ARRA</u>		<u>Technology</u>	<u></u>
<b>REVENUES:</b>						
State Sources	.00	.00	.00	.00	.00	.00
Federal Sources	<u>35,370.00</u>	<u>86,979.00</u>	<u>158,728.00</u>	<u>3,067.00</u>	<u>176.00</u>	<u>290,558.00</u>
<b>Total Revenues</b>	<u>35,370.00</u>	<u>86,979.00</u>	<u>158,728.00</u>	<u>3,067.00</u>	<u>176.00</u>	<u>290,558.00</u>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	29,475.00	54,900.00	.00	.00	.00	89,375.00
Other Salaries for Instruction	.00	.00	10,500.00	.00	.00	10,500.00
Other Purchased Services (400-500 series)	.00	.00	.00	.00	176.00	176.00
Tuition to Other LEA's Within the State - Regular	.00	.00	16,000.00	.00	.00	16,000.00
General Supplies	.00	4,099.00	.00	3,067.00	.00	7,404.00
<b>Total Instruction</b>	<u>29,475.00</u>	<u>58,999.00</u>	<u>26,500.00</u>	<u>3,067.00</u>	<u>176.00</u>	<u>123,455.00</u>
<b>Support Services:</b>						
Salaries of Other Professional Staff	.00	.00	70,000.00	.00	.00	70,000.00
Salaries of Secretarial & Clerical Assistants.	.00	.00	16,500.00	.00	.00	16,500.00
Personal Services - Employee Benefits	5,895.00	27,980.00	38,065.00	.00	.00	72,940.00
Purchased Professional Services	.00	.00	7,663.00	.00	.00	7,663.00
<b>Total Support Services</b>	<u>5,895.00</u>	<u>27,980.00</u>	<u>132,228.00</u>	<u>1,000.00</u>	<u>.00</u>	<u>167,103.00</u>
<b>Facilities Acquisition &amp; Const. Services</b>						
Instructional Equipment	.00	.00	.00	.00	.00	.00
<b>Total Facilities Acquisition &amp; Const. Services</b>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
<b>Total Expenditures</b>	<u>35,370.00</u>	<u>86,979.00</u>	<u>158,728.00</u>	<u>3,067.00</u>	<u>176.00</u>	<u>290,558.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ .00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>

**CAPITAL PROJECTS FUND  
DETAIL STATEMENT**

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

**NEPTUNE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2011**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP</u>		<u>Unexpended Appropriations 06/30/2011</u>
			<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	
Addition and Alterations to the Woodrow Wilson Elementary School	12/13/2005	<u>\$10,122,543.00</u>	<u>10,065,104.43</u>	<u>53,291.43</u>	<u>4,147.14</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

**Revenue and Other Financing Sources:**

Bond Proceeds and Transfers	.00
Transfer From Capital Reserve	.00
Transfer From Capital Outlay	.00
Interest Earned	<u>194.83</u>
 Total Revenues	 <u>194.83</u>

**Expenditures and Other Financing Uses:**

Legal Services	.00
Other Purchased Professional Services	.00
Construction Services	<u>53,291.43</u>
 Total Expenditures	 <u>53,291.43</u>

Excess (Deficiency) of Revenue Over (Under) Expenditures (53,096.60)

**Other Financing Uses:**

Transfer Out - Debt Service Fund	<u>(194.83)</u>
 Total Other Financing Uses	 <u>(194.83)</u>

Excess (Deficiency) of Revenues and Other Financing Uses  
Over (Under) Expenditures (53,291.43)

Fund Balance - July 1 56,895.57

Fund Balance - June 30 \$ 3,604.14

**NEPTUNE CITY SCHOOL DISTRICT****Capital Projects Fund****Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis****Additions and Alterations to the Woodrow Wilson Elementary School****From Inception and For the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers	9,772,000.00	.00	9,772,000.00	9,772,543.00
Transfer From Capital Reserve	350,000.00	.00	350,000.00	350,000.00
Transfer From Capital Outlay	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Revenues	<u>10,122,000.00</u>	<u>.00</u>	<u>10,122,000.00</u>	<u>10,122,543.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services	9,848.45	.00	9,848.45	10,000.00
Other Purchased Professional Services	1,427,799.34	.00	1,427,799.34	1,500,000.00
Construction Services	<u>8,627,456.64</u>	<u>53,291.43</u>	<u>8,680,748.07</u>	<u>8,612,543.00</u>
Total Expenditures	<u>10,065,104.43</u>	<u>53,291.43</u>	<u>10,118,395.86</u>	<u>10,122,543.00</u>
Excess of Revenue Over Expenditures	<u>\$ 56,895.57</u>	<u>53,291.43</u>	<u>3,604.14</u>	<u>.00</u>

**Additional Project Information:**

Project Numbers	25-3500-060-06-1000, 25-3500-060-06-2200, 25-3500-060-06-3000
Grant Date/Letter of Notification	11/11/2005
Bond Authorization/Referendum Date	12/13/2005
Bonds Authorized	\$9,772,573.00
Bonds Issued	\$9,772,000.00
Original Project Authorized Cost	\$10,122,543.00
Additional Authorized Cost	\$.00
Revised Authorized Cost	\$10,122,543.00
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	99.9%
Original Target Completion Date	September 2008
Revised Target Completion Date	December 2011

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

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

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

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

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

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

	<u>Trust</u>	<u>Agency</u>		
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	173,439.17	9,935.39	.01	9,935.40
Accounts Receivable:				
Payroll Service Vendor	1,702.27	.00	.00	.00
Interfunds	<u>6,464.11</u>	<u>5,461.45</u>	<u>.00</u>	<u>5,461.45</u>
Total Assets	<u>181,605.55</u>	<u>15,396.84</u>	<u>.01</u>	<u>15,396.85</u>
<b>LIABILITIES:</b>				
Accounts Payable	.00	245.00	.00	245.00
Payroll Deductions and Withholdings	.00	.00	.01	.01
Due to Student Groups	<u>.00</u>	<u>15,151.84</u>	<u>.00</u>	<u>15,151.84</u>
Total Liabilities	<u>.00</u>	<u>15,396.84</u>	<u>.01</u>	<u>15,396.85</u>
<b>NET ASSETS:</b>				
Held in Trust for Unemployment Claims and Other Purposes	<u>181,605.55</u>			
Total Net Assets	<u>\$181,605.55</u>			

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Student Activity Agency Fund**  
**For the Fiscal Year Ended June 30, 2011**

	<b><u>Balance</u></b> <b><u>July 1, 2010</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>
Woodrow Wilson School	<u>8,522.86</u>	<u>33,298.84</u>	<u>31,886.31</u>	<u>9,935.39</u>
Total	<u>\$8,522.86</u>	<u>33,298.84</u>	<u>31,886.31</u>	<u>9,935.39</u>

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Receipts and Disbursements**  
**Payroll Agency Fund**  
**For the Fiscal Year Ended June 30, 2011**

	<b><u>Balance</u></b> <b><u>July 1, 2010</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2011</u></b>
Payroll Deductions and Withholdings	<u>.01</u>	<u>1,261,628.81</u>	<u>1,261,628.81</u>	<u>.01</u>
Total	<u>\$ .01</u>	<u>1,261,628.81</u>	<u>1,261,628.81</u>	<u>.01</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Bonds Payable**  
**Year Ended June 30, 2011**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
School District Bonds	June 1, 2006	\$9,772,000.00	07/15/2011	375,000.00	4.125%	\$8,720,000.00	.00	360,000.00	\$8,360,000.00
			07/15/2012	390,000.00	4.125%				
			07/15/2013	410,000.00	4.125%				
			07/15/2014	425,000.00	4.125%				
			07/15/2015	445,000.00	4.125%				
			07/15/2016	460,000.00	4.125%				
			07/15/2017	480,000.00	4.125%				
			07/15/2018	500,000.00	4.125%				
			07/15/2019	525,000.00	4.125%				
			07/15/2020	545,000.00	4.125%				
			07/15/2021	570,000.00	4.125%				
			07/15/2022	595,000.00	4.125%				
			07/15/2023	620,000.00	4.125%				
			07/15/2024	645,000.00	4.125%				
			07/15/2025	675,000.00	4.150%				
			07/15/2026	700,000.00	4.200%				

**NEPTUNE CITY 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	528,109.00	.00	528,109.00	528,109.00	.00
State Sources:					
Debt Service Aid	<u>177,964.00</u>	<u>.00</u>	<u>177,964.00</u>	<u>177,964.00</u>	<u>.00</u>
Total State Sources	<u>706,073.00</u>	<u>.00</u>	<u>706,073.00</u>	<u>706,073.00</u>	<u>.00</u>
Total Revenues	<u>706,073.00</u>	<u>.00</u>	<u>706,073.00</u>	<u>706,073.00</u>	<u>.00</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	352,969.00	.00	352,969.00	352,968.82	.18
Redemption of Principal	<u>360,000.00</u>	<u>.00</u>	<u>360,000.00</u>	<u>360,000.00</u>	<u>.00</u>
Total Regular Debt Service	<u>712,969.00</u>	<u>.00</u>	<u>712,969.00</u>	<u>712,968.82</u>	<u>.18</u>
Total Expenditures	<u>712,969.00</u>	<u>.00</u>	<u>712,969.00</u>	<u>712,968.82</u>	<u>.18</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>(6,896.00)</u>	<u>.00</u>	<u>(6,896.00)</u>	<u>(6,895.82)</u>	<u>.18</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In:					
Interest Earned in Capital Projects Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>194.83</u>	<u>194.83</u>
Total Other Financing Sources	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>194.83</u>	<u>194.83</u>
Excess (Deficiency) of Revenues and Other Financing Sources Under Expenditures	(6,896.00)	.00	(6,896.00)	(6,700.99)	195.01
Fund Balance - July 1	<u>7,455.83</u>	<u>.00</u>	<u>7,455.83</u>	<u>7,455.83</u>	<u>.00</u>
Fund Balance - June 30	<u>\$ 559.83</u>	<u>.00</u>	<u>559.83</u>	<u>754.84</u>	<u>195.01</u>

**STATISTICAL SECTION (Unaudited)**

**Neptune City Board of Education**  
**Net Assets by Component,**  
**Last Seven Fiscal Years**

Exhibit J-1

*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 110,437	\$ 141,363	\$ 137,998	\$ 133,631	\$ 129,765	\$ 1,471,503	\$ 1,876,435
Restricted	1,494,196	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577
Unrestricted	493,712	700,623	630,588	1,042,258	1,446,682	127,228	126,100
<b>Total governmental activities net assets</b>	<u>\$ 2,098,345</u>	<u>\$ 2,833,075</u>	<u>\$ 3,109,856</u>	<u>\$ 3,476,558</u>	<u>\$ 3,343,213</u>	<u>\$ 3,003,333</u>	<u>\$ 3,613,112</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 4,744	\$ 3,667	\$ 2,590	\$ 1,513	\$ 792	\$ 1,591	\$ 1,310
Restricted	-	-	-	-	-	-	-
Unrestricted	14,765	15,403	19,177	21,573	30,860	47,768	69,951
<b>Total business-type activities net assets</b>	<u>\$ 19,509</u>	<u>\$ 19,070</u>	<u>\$ 21,767</u>	<u>\$ 23,086</u>	<u>\$ 31,652</u>	<u>\$ 49,359</u>	<u>\$ 71,261</u>
<b>District-wide</b>							
Invested in capital assets, net of related debt	\$ 115,181	\$ 145,030	\$ 140,588	\$ 135,144	\$ 130,557	\$ 1,473,094	\$ 1,877,745
Restricted	1,494,196	1,991,089	2,341,270	2,300,669	1,766,766	1,404,602	1,610,577
Unrestricted	508,477	716,026	649,765	1,063,831	1,477,542	174,996	196,051
<b>Total district net assets</b>	<u>\$ 2,117,854</u>	<u>\$ 2,852,145</u>	<u>\$ 3,131,623</u>	<u>\$ 3,499,644</u>	<u>\$ 3,374,865</u>	<u>\$ 3,052,692</u>	<u>\$ 3,684,373</u>

Source: CAFR Schedule A-1

**Neptune City Board of Education**  
**Changes in Net Assets, Last Seven Fiscal Years**  
*(accrual basis of accounting)*  
 Unaudited

Exhibit J-2

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>							
Governmental activities							
Instruction							
Regular	\$ 2,129,981	\$ 2,300,581	\$ 2,497,925	\$ 2,393,370	\$ 2,418,256	\$ 2,670,350	\$ 2,262,074
Special education	277,545	281,519	336,860	350,189	366,030	402,900	488,776
Other special education	-	-	-	-	-	122,621	134,976
Vocational	-	-	-	-	-	-	-
Other instruction	138,139	131,132	148,172	149,143	188,019	46,772	42,138
Nonpublic school programs	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-
Support Services:							
Tuition	1,899,206	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945
Student & instruction related services	458,120	508,594	663,179	637,080	657,549	656,765	709,150
General/Business administrative services	375,485	384,546	424,977	490,816	310,608	412,171	429,743
School administrative services	227,362	218,628	242,620	245,923	206,921	137,926	115,787
Plant operations and maintenance	321,325	309,479	308,618	326,933	379,282	375,886	375,289
Pupil transportation	242,152	224,286	265,183	288,782	302,395	264,153	198,846
Special Schools	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	45,776
Interest on long-term debt	-	33,591	402,910	389,779	375,430	360,991	346,159
Unallocated depreciation/amortization	485	575	1,565	1,566	1,566	1,566	1,566
Total governmental activities expenses	<u>6,069,800</u>	<u>6,205,532</u>	<u>7,368,636</u>	<u>7,490,955</u>	<u>7,794,635</u>	<u>7,879,177</u>	<u>7,466,225</u>
Business-type activities:							
Food service	113,204	120,041	118,535	118,334	129,069	133,149	128,335
Child Care	-	-	-	-	-	-	-
Total business-type activities expense	<u>113,204</u>	<u>120,041</u>	<u>118,535</u>	<u>118,334</u>	<u>129,069</u>	<u>133,149</u>	<u>128,335</u>
Total district expenses	<u>\$ 6,183,004</u>	<u>\$ 6,325,573.00</u>	<u>\$ 7,487,171.00</u>	<u>\$ 7,609,289.00</u>	<u>\$ 7,923,704.00</u>	<u>\$ 8,012,326.00</u>	<u>\$ 7,594,560.00</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	319,411	312,745
Capital grants and contributions	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,411</u>	<u>312,745</u>

**Neptune City Board of Education**  
**Changes in Net Assets, Last Seven Fiscal Years**  
*(accrual basis of accounting)*  
 Unaudited

Exhibit J-2

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Business-type activities:</b>							
Charges for services							
Food service	66,448	64,860	69,804	62,202	70,381	75,807	79,019
Child care	-	-	-	-	-	-	-
Operating grants and contributions	46,252	51,565	48,208	53,909	63,677	74,969	71,054
Capital grants and contributions	-	-	-	-	-	-	-
Total business type activities program revenues	<u>112,700</u>	<u>116,425</u>	<u>118,012</u>	<u>116,111</u>	<u>134,058</u>	<u>150,776</u>	<u>150,073</u>
Total district program revenues	<u>\$ 112,700</u>	<u>\$ 116,425</u>	<u>\$ 118,012</u>	<u>\$ 116,111</u>	<u>\$ 134,058</u>	<u>\$ 150,776</u>	<u>\$ 150,073</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (6,069,800)	\$ (6,205,532)	\$ (7,368,636)	\$ (7,490,955)	\$ (7,794,635)	\$ (7,559,766)	\$ (7,153,480)
Business-type activities	(504)	(3,616)	(523)	(2,223)	4,989	17,627	21,738
Total district-wide net expense	<u>\$ (6,070,304)</u>	<u>\$ (6,209,148)</u>	<u>\$ (7,369,159)</u>	<u>\$ (7,493,178)</u>	<u>\$ (7,789,646)</u>	<u>\$ (7,542,139)</u>	<u>\$ (7,131,742)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 4,119,365	\$ 4,435,381	\$ 4,406,498	\$ 4,492,518	\$ 4,646,313	\$ 4,646,327	\$ 4,917,380
Taxes levied for debt service	-	-	250,000	297,242	10,965	334,300	528,109
Unrestricted grants and contributions	2,228,868	2,212,439	2,416,942	2,757,424	2,871,885	2,197,984	2,306,551
Payments in lieu of taxes	-	-	-	-	-	-	-
Investment earnings	35,848	92,442	564,667	303,355	80,967	17,749	6,295
Miscellaneous income	215,733	203,000	10,310	10,478	54,652	23,527	4,924
Transfers	-	(3,000)	(3,000)	(3,360)	(3,491)	-	-
Total governmental activities	<u>6,599,814</u>	<u>6,940,262</u>	<u>7,645,417</u>	<u>7,857,657</u>	<u>7,661,291</u>	<u>7,219,887</u>	<u>7,763,259</u>
Business-type activities:							
Investment earnings	197	176	220	181	86	79	166
Transfers	-	3,000	3,000	3,360	3,491	-	-
Total business-type activities	<u>197</u>	<u>3,176</u>	<u>3,220</u>	<u>3,541</u>	<u>3,577</u>	<u>79</u>	<u>166</u>
Total district-wide	<u>\$ 6,600,011</u>	<u>\$ 6,943,438</u>	<u>\$ 7,648,637</u>	<u>\$ 7,861,198</u>	<u>\$ 7,664,868</u>	<u>\$ 7,219,966</u>	<u>\$ 7,763,425</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 530,014	\$ 734,730	\$ 276,781	\$ 366,702	\$ (133,344)	\$ (339,879)	\$ 609,779
Business-type activities	(307)	(440)	2,697	1,318	8,566	17,706	21,904
Total district	<u>\$ 529,707</u>	<u>\$ 734,290</u>	<u>\$ 279,478</u>	<u>\$ 368,020</u>	<u>\$ (124,778)</u>	<u>\$ (322,173)</u>	<u>\$ 631,683</u>

Source: CAFR Schedule A-2

**Neptune City Board of Education  
Fund Balances, Governmental Funds,  
Last Seven Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>							
Reserved/Restricted	\$ 1,798,834	\$ 2,321,082	\$ 2,153,344	\$ 1,933,373	\$ 1,851,123	\$ 1,403,619	\$ 1,606,218
Unreserved/assigned/unassigned	285,654	140,232	244,071	359,660	399,801	336,146	362,788
<b>Total general fund</b>	<u>\$ 2,084,488</u>	<u>\$ 2,461,314</u>	<u>\$ 2,397,415</u>	<u>\$ 2,293,033</u>	<u>\$ 2,250,924</u>	<u>\$ 1,739,765</u>	<u>\$ 1,969,006</u>
<b>All Other Governmental Funds</b>							
Reserved/ Restricted	\$ -	\$ 547,713	\$ 6,439,890	\$ 962,103	\$ 15,500	\$ -	\$ 4,359
Unreserved/assigned/unassigned, reported in:							
Special revenue fund	(1,692)	(1,692)	(1,692)	(1,692)	-	-	-
Capital projects fund	-	9,287,047	1,104,605	767,260	122,793	56,896	-
Debt service fund	-	37,498	541,112	638,692	178,476	7,456	-
Permanent fund	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ (1,692)</u>	<u>\$ 9,870,566</u>	<u>\$ 8,083,915</u>	<u>\$ 2,366,363</u>	<u>\$ 316,769</u>	<u>\$ 64,352</u>	<u>\$ 4,359</u>

Source: CAFR Schedule B-1

**Neptune City Board of Education**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
 Unaudited

Exhibit J-4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax levy	\$ 3,537,464	\$ 3,958,040	\$ 4,224,591	\$ 4,119,365	\$ 4,435,381	\$ 4,656,498	\$ 4,789,760	\$ 4,657,278	\$ 4,980,627	\$ 5,445,489
Tuition charges	24,543	34,051	28,298	35,848	92,442	564,668	303,355	80,967	17,749	6,295
Interest earnings	1,621	3,839	1,835	215,733	203,000	10,310	10,478	54,652	23,527	4,924
Miscellaneous	1,635,396	1,744,182	1,804,633	1,953,334	1,942,011	2,152,908	2,533,250	2,575,950	1,793,802	2,319,944
State sources	212,292	258,650	261,793	275,534	270,428	264,033	224,173	285,934	723,593	299,352
Federal sources	5,411,316	5,998,962	6,321,150	6,599,814	6,943,262	7,648,417	7,861,016	7,664,781	7,539,297	8,076,004
<b>Total revenue</b>										
<b>Expenditures</b>										
Instruction										
Regular instruction	1,408,728	1,380,795	1,552,474	1,560,935	1,862,758	1,659,772	1,663,033	1,675,306	1,950,317	1,669,272
Special education instruction	137,521	149,938	161,865	168,701	168,962	211,460	231,891	250,899	274,413	268,657
Other special instruction	-	-	-	-	-	-	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	134,944	132,543	151,539	138,139	131,132	148,172	149,143	188,019	169,392	177,114
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	2,144,308	1,942,803	2,120,929	1,899,206	1,812,601	2,076,627	2,217,374	2,588,579	2,427,076	2,315,945
Student & instruction related services	297,543	356,320	357,521	386,274	430,178	547,480	524,077	557,137	536,465	572,197
General administrative services	146,347	171,460	278,712	296,296	301,975	313,110	368,906	204,906	194,561	199,013
School Administrative services	141,877	153,749	160,814	169,227	158,785	172,166	179,951	209,769	231,469	227,083
Business administrative services	91,180	92,484	-	-	-	-	-	-	-	-
Plant operations and maintenance	265,757	280,321	285,728	281,678	275,091	265,814	293,593	331,325	333,559	332,475
Pupil transportation	251,310	249,538	252,579	242,152	224,286	265,182	288,782	302,395	264,153	198,846
Unallocated employee benefits	538,775	682,243	798,789	909,396	976,162	1,294,673	1,199,179	1,121,539	1,122,459	1,134,116
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	4,000	-	40,087	20,575	303,620	2,290,266	5,815,132	1,591,070	81,397	45,776
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,562,288</b>	<b>5,590,994</b>	<b>6,160,837</b>	<b>6,072,579</b>	<b>6,463,177</b>	<b>9,495,968</b>	<b>13,679,590</b>	<b>9,752,994</b>	<b>8,302,874</b>	<b>7,906,754</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(150,972)</b>	<b>407,968</b>	<b>160,313</b>	<b>527,235</b>	<b>480,085</b>	<b>(1,847,551)</b>	<b>(5,818,574)</b>	<b>(2,088,213)</b>	<b>(763,577)</b>	<b>169,250</b>
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	9,772,000	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	387,498	504,860	257,590	45,897	1,559	195
Total other financing sources (uses)	-	-	-	-	(390,498)	(504,860)	(250,940)	(49,387)	(1,559)	(195)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,769,000</b>	<b>(3,000)</b>	<b>(3,360)</b>	<b>(3,480)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (150,972)</b>	<b>\$ 407,968</b>	<b>\$ 160,313</b>	<b>\$ 527,235</b>	<b>\$ 10,249,085</b>	<b>\$ (1,850,551)</b>	<b>\$ (5,821,934)</b>	<b>\$ (2,091,703)</b>	<b>\$ (763,577)</b>	<b>\$ 169,250</b>
<b>Debt service as a percentage of noncapital expenditures</b>	0.0%	0.0%	0.0%	0.0%	0.4%	3.5%	9.5%	9.9%	9.8%	8.7%

Source: CAFR Schedule B-2

**Neptune City Board of Education  
General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2002	24,543	-	-	1,621	26,164
2003	34,051	-	-	3,839	37,890
2004	28,298	-	-	1,835	30,133
2005	35,848	-	-	215,733	251,581
2006	54,944	-	-	203,000	257,944
2007	59,808	-	-	10,310	70,118
2008	45,775	-	-	10,478	56,253
2009	80,967	-	-	54,652	135,619
2010	17,749	-	-	23,527	41,276
2011	6,239	-	-	4,924	11,163

**Neptune City Board of Education  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**  
Unaudited

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Prop.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2002	2,736,100	149,320,700	0	0	37,107,900	6,921,800	18,846,400	214,932,900	0	415,299	215,348,199	1.838	274,057,091
2003	2,606,600	155,001,400	0	0	32,492,800	7,132,600	18,846,400	216,079,800	0	396,397	216,476,197	1.952	300,299,159
2004	4,581,200	305,535,700	0	0	82,538,600	11,376,500	29,758,700	433,790,700	0	522,010	434,312,710	0.949	366,400,874
2005	7,003,600	304,049,600	0	0	82,584,100	11,376,500	29,758,700	434,772,500	0	457,023	435,229,523	1.019	448,238,489
2006	5,025,700	309,954,800	0	0	75,574,200	10,480,800	29,192,800	430,228,300	0	386,466	430,614,766	1.082	489,124,816
2007	4,374,800	311,953,800	0	0	75,532,100	10,480,800	29,192,800	431,534,300	0	347,553	431,881,853	1.109	558,255,576
2008	4,003,400	312,758,500	0	0	77,940,700	10,480,800	29,192,800	434,376,200	0	353,158	434,729,358	1.072	589,849,108
2009	4,003,400	311,930,900	0	0	75,474,900	10,480,800	29,192,800	431,082,800	0	365,808	431,448,608	1.154	582,527,332
2010	3,920,700	313,448,500	0	0	75,933,900	10,480,800	29,192,800	432,976,700	0	436,119	433,412,819	1.257	565,479,990
2011	3,949,100	313,842,900	0	0	75,217,600	10,480,800	29,192,800	432,683,200	0	455,919	433,139,119	1.286	542,707,042

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Neptune City Board of Education  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

(rate per \$100 of assessed value)  
Unaudited

Fiscal Year Ended June 30,	Neptune City Board of Education		Overlapping Rates		Total Direct and Overlapping Tax Rate		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Neptune City		Library/Other	Monmouth County
2002	1.840	0.000	1.840	1.183	0.026	0.603	3.652
2003	1.950	0.000	1.950	1.282	0.027	0.632	3.891
2004	0.950	0.000	0.950	0.669	0.015	0.635	2.269
2005	1.019	0.000	1.019	0.701	0.017	0.626	2.363
2006	1.024	0.058	1.082	0.745	0.017	0.325	2.169
2007	1.040	0.069	1.109	0.797	0.018	0.336	2.260
2008	1.068	0.003	1.071	0.878	0.019	0.333	2.301
2009	1.077	0.077	1.154	0.913	0.018	0.335	2.421
2010	1.135	0.122	1.257	0.955	0.018	0.341	2.571
2011	1.163	0.123	1.286	1.02	0.018	0.352	2.664

Source: District Records and Municipal Tax Collector

**Note:**

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

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

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

Neptune City Board of Education  
Principal Property Tax Payers,  
Current Year and Ten Years Ago  
Unaudited

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Brighton Arms Apartments, LLC	\$ 19,272,000	1	4.44%	\$ -		0.00%
Neptune Realty Associates	11,701,600	2	2.69%	4,810,800	3	2.11%
Neptune City Complex, LLC	7,274,500	3	1.67%	-		0.00%
JSMID Inc.	5,388,600	4	1.24%	2,634,900	5	1.15%
Neptune City Stores, LLC	4,686,600	5	1.08%	-		0.00%
Hampshire Assoc.	4,080,000	6	0.94%	2,569,500	6	1.13%
Jersey shore Convalescent Center	3,884,500	7	0.89%	-		0.00%
Sylvania 33 Associates, LP	3,242,700	8	0.75%	2,960,100	4	1.30%
Jumping Brook Enterprises, Inc.	2,998,500	9	0.69%	1,676,600	8	0.73%
Rosko-Phil Oxford, LLC	2,971,700	10	0.68%	1,752,700	7	0.77%
Robert Kaye	-		0.00%	12,733,000	1	5.58%
Axelrod - HRA Realty	-		0.00%	7,985,600	2	3.50%
Shengs	-		0.00%	1,577,000	9	0.69%
Leo Associates	-		0.00%	1,129,600	10	0.49%
<b>Total</b>	<b>\$ 65,500,700</b>		<b>15.07%</b>	<b>\$ 39,829,800</b>		<b>17.45%</b>

Source: District CAFR & Municipal Tax Assessor

**Neptune City Board of Education  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**  
Unaudited

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
	Taxes Levied for the Fiscal Year	Amount	
2002	3,537,464	3,537,464	-
2003	3,958,040	3,958,040	-
2004	4,224,591	4,224,591	-
2005	4,119,365	4,119,365	-
2006	4,224,591	4,224,591	-
2007	4,656,498	4,656,498	-
2008	4,789,760	4,789,760	-
2009	4,657,278	4,657,278	-
2010	4,980,627	4,980,627	-
2011	5,445,489	5,445,489	-

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

**Note:** 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 is the amount voted upon or certified prior to the end of the schoo

Neptune City Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	
2002	-	-	-	-	-	-	N/A	43,521
2003	-	-	-	-	-	-	N/A	42,849
2004	-	-	-	-	-	-	N/A	43,427
2005	-	-	-	-	-	-	N/A	44,005
2006	9,772,000	-	-	-	-	9,772,000	N/A	44,623
2007	9,772,000	-	-	-	-	9,772,000	N/A	N/A
2008	9,420,000	-	-	-	-	9,420,000	N/A	N/A
2009	9,070,000	-	-	-	-	9,070,000	N/A	N/A
2010	8,720,000	-	-	-	-	8,720,000	N/A	N/A
2011	8,360,000	-	-	-	-	8,360,000	N/A	N/A

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

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

<sup>a</sup> See Exhibit NJ-J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

<sup>b</sup> Includes Early Retirement Incentive Plan (ERIP) refunding

**Neptune City Board of Education**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	-	-	-	0.00%	43,521
2003	-	-	-	0.00%	42,849
2004	-	-	-	0.00%	43,427
2005	-	-	-	0.00%	44,005
2006	9,772,000	-	9,772,000	2.00%	44,623
2007	9,772,000	-	9,772,000	2.26%	-
2008	9,420,000	-	9,420,000	2.17%	-
2009	9,070,000	-	9,070,000	2.10%	-
2010	8,720,000	-	8,720,000	2.01%	-
2011	8,360,000	-	8,360,000	1.93%	-

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements ▼  
<sup>a</sup> See Exhibit NJ J-6 for property tax data.  
<sup>b</sup> Population data can be found in Exhibit NJ J-13.

**Neptune City Board of Education**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2011**  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Neptune City	3,269,011	100.000%	3,269,011
<b>Other debt</b>			
Monmouth County		0.448%	<u>1,106,378</u>
Subtotal, overlapping debt			4,375,389
<b>Neptune City School District Direct Debt</b>			<u>8,360,000</u>
<b>Total direct and overlapping debt</b>			<u><u>12,735,389</u></u>

**Sources:** Neptune City Finance Officer, Monmouth County Finance Office

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

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

Neptune City Board of Education  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized valuation basis	
2010	539,064,617
2009	558,686,884
2008	582,429,874
[A]	<u>\$ 1,680,181,375</u>

Average equalized valuation of taxable property	[A/3]	\$ 560,060,458
Debt limit (3 % of average equalization value)	[B]	16,801,814 <sup>a</sup>
Net bonded school debt	[C]	8,360,000
Legal debt margin	[B-C]	<u>\$ 8,441,814</u>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 7,568,504	\$ 8,120,643	\$ 9,261,966	\$ 10,995,903	\$ 12,945,214	\$ 14,866,786	\$ 16,246,093	17,166,574	16,801,814	16,801,814
Total net debt applicable to limit	-	-	-	-	9,772,000	9,772,000	9,420,000	9,070,000	8,360,000	8,360,000
Legal debt margin	<u>\$ 7,568,504</u>	<u>\$ 8,120,643</u>	<u>\$ 9,261,966</u>	<u>\$ 10,995,903</u>	<u>\$ 3,173,214</u>	<u>\$ 5,094,786</u>	<u>\$ 6,826,093</u>	<u>\$ 8,096,574</u>	<u>\$ 8,441,814</u>	<u>\$ 8,441,814</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	75.49%	65.73%	57.98%	52.84%	49.76%	49.76%

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

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

Neptune City Board of Education  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 Unaudited

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	5,242	-	43,387	3.8%
2003	5,253	-	43,634	3.8%
2004	5,260	-	46,545	3.2%
2005	5,233	-	48,072	4.1%
2006	5,191	-	52,499	4.2%
2007	5,144	-	55,826	3.8%
2008	5,111	-	57,353	N/A
2009	5,100	-	54,771	8.1%
2010	4,869	-	N/A	8.2%
2011	N/A	-	N/A	N/A

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income - Monmouth County

<sup>c</sup> Per Capita- US Department of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Neptune City Board of Education  
Principal Employers,

Current Year and Ten Years Ago  
Unaudited  
2011

2001

Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
TFH Publication	250	1	N/A	N/A	N/A	N/A
Laidlaw Transit	188	2	N/A	N/A	N/A	N/A
Norkus Foodtown	164	3	N/A	N/A	N/A	N/A
Medicenter	125	4	N/A	N/A	N/A	N/A
Jersey Shore Univ. Medical Center	105	5	N/A	N/A	N/A	N/A
Borough of Neptune City	90	6	N/A	N/A	N/A	N/A
Neptune City Board of Education	52	7	N/A	N/A	N/A	N/A
Kelly's Tavern	65	8	N/A	N/A	N/A	N/A
Pete N Eida's Pizzeria	63	9	N/A	N/A	N/A	N/A
Wonder Bread Interstate Brands	40	10	N/A	N/A	N/A	N/A
	<u>1,142</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

Neptune City Municipal Clerk

2001 Information not available

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

Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction	27.0	27.0	27.0	28.0	28.0	28.0	28.0	28.0	27.0	26.0
Regular	3.0	4.0	4.0	4.4	4.4	5.4	5.9	5.9	5.9	5.9
Special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other special education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonpublic school programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	5.3	5.3	7.3	8.3	8.3	8.3	8.3	8.3	8.8	9.8
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
Business administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Plant operations and maintenance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
<b>Total</b>	<b>44.8</b>	<b>45.8</b>	<b>47.8</b>	<b>50.2</b>	<b>50.2</b>	<b>51.2</b>	<b>51.7</b>	<b>51.7</b>	<b>51.2</b>	<b>50.7</b>

Source: District Personnel Records

Neptune City Board of Education  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2002	456	5,562,286	12,198	N/A	31	1:22	1:28	454	431	N/A	96.24%	
2003	440	5,590,995	12,707	4.17%	30	1:21	1:26	441	417	-2.86%	95.85%	
2004	440	6,124,818	13,920	9.55%	32	1:23	1:28	440	417	-0.23%	96.01%	
2005	417	6,047,228	14,502	4.18%	33	1:23	1:25	418	394	-5.00%	95.86%	
2006	404	5,869,885	14,529	0.19%	33	1:21	1:22	406	384	-2.87%	94.58%	
2007	392	6,954,456	17,741	22.10%	35	1:20	1:20	389	364	-4.19%	93.57%	
2008	387	7,115,929	18,387	3.64%	36	1:20	1:20	393	367	1.03%	93.50%	
2009	395	7,429,874	18,810	2.30%	36	1:20	1:20	391	364	-0.51%	93.15%	
2010	398	7,503,864	18,854	0.23%	36	1:20	1:20	398	377	1.79%	94.57%	
2011	389	7,140,494	18,356	-2.64%	35	1:20	1:21	389	367	-2.26%	94.34%	

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

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

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

Neptune City Board of Education  
 School Building Information  
 Last Ten Fiscal Years

Unaudited

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Elementary (k-8)</b>										
Woodrow Wilson (1927)										
Square Feet	42,124	42,124	42,124	42,124	42,124	42,124	49,061	49,061	49,061	49,061
Capacity (students)	340	340	340	340	340	340	375	375	375	375
Enrollment	456	440	440	417	404	392	387	395	396	389

Number of Schools at June 30, 2011  
 Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

**Neptune City Board of Education**  
**General Fund**  
**Schedule of Required Maintenance of School Facilities**  
**Last Eight 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
Woodrow Wilson	N/A	31,665	23,236	21,150	13,847	\$37,500	\$34,340	\$ 22,400	\$ 21,459
Total School Facilities	129,546	31,665	23,236	21,150	13,847	37,500	34,340	22,400	21,459
Other Facilities - None	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$ 129,546</b>	<b>\$31,665</b>	<b>\$23,236</b>	<b>\$21,150</b>	<b>\$13,847</b>	<b>\$37,500</b>	<b>\$34,340</b>	<b>\$ 22,400</b>	<b>\$ 21,459</b>

**Neptune City Board of Education**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
 Unaudited

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 10,490,600	\$ 5,000
NJSBAIG	Flood/Earthquake	10,000,000 50,000,000 agg.	500,000
NJSBAIG	Pollution Liability	1,000,000 occ/ 2,000,000 agg.	5,000
NJSBAIG	General Liability		
	-Each Occurrence	6,000,000	-
	-General Aggregate	6,000,000	-
	-Personal Injury	1,000,000	-
	-Fire Damage	100,000	-
	-Medical Expense Limit (Excluding students)	10,000	100
	-Employee Benefit Liability	1,000,000	1,000
	-Aggregate	1,000,000	-
NJSBAIG	Automotive Coverage		
	-Combined Single Limit	6,000,000	-
	-Hired/Non-Owned	1,000,000	-
	-Uninsured & Underinsured	1,000,000	-
NJSBAIG	Inland Marine		
	-Electronic Data Processing Equipment	100,000	1,000
NJSBAIG	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	25,000	500
	-Theft, Disappearance & Destruction Inside and Out	25,000	500
NJSBAIG	Boiler & Machinery Coverage	100,000,000	1,000
NJSBAIG	Catastrophe Liability Coverage		
	-Occurrence Limit	25,000,000	
	-Aggregate Limit	25,000,000	
	-Retained Limit	-	

Source: District Records

**Neptune City Board of Education**  
**INSURANCE SCHEDULE (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
 Unaudited

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Board of Education		
	-Liability Wrongful Acts Coverage		
	Each Loss	\$ 6,000,000	\$ 5,000
	Aggregate	6,000,000	5,000
Bollinger	Student Accident - Voluntary Program		
NJSBAIG	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	5,000	
NJSBAIG	Worker's Compensation		
	-Covered Payrolls-Professional	2,600,000	N/A
	-Covered Payrolls-Non-Professional	150,000	N/A

**SINGLE AUDIT SECTION**

# ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1

## **INDEPENDENT AUDITOR'S 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  
Neptune City School District  
County of Monmouth, New Jersey

We have audited the financial statements of the Board of Education of the Neptune City School District in the County of Monmouth as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Neptune City Board of Education'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 reportable instances of noncompliance or other matters that are required to be reported under *Government and State Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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



Licensed Public School Accountant

No. 2183

**ALVINO & SHECHTER, L.L.C.**

November 29, 2011

# ALVINO & SHECHTER, L.L.C.

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Exhibit K-2

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

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

**Compliance**

We have audited the compliance of the Board of Education of the Neptune City School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. Neptune City Board of Education'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 Neptune City Board of Education's management. Our responsibility is to express an opinion on the Neptune City Board of Education's compliance based on our audit.

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

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

## Internal Control Over Compliance

The management of the Board of Education of the Neptune City School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major state programs. In planning and performing our audit, we considered Neptune City Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Neptune City 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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 material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the Neptune City Board of Education, the New Jersey State Department of Education and other 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.



Licensed Public School Accountant

No. 2183

ALVINO & SHECHTER, L.L.C.

November 29, 2011

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

SCHEDULE A  
Exhibit K-3

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Quant Period From	To	Balance at June 30, 2010			Balance at June 30, 2011						
						Accounts Receivable	Deferred Revenue	Due to Grantor	Carryover/ (Withover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>															
<b>Special Revenue Fund:</b>															
Title I, Part A	84.010	NCLB 350011	89,979.00	9/1/10	8/31/11				2,875.00	62,115.00	(86,979.00)		(77,864.00)	5,875.00	
Title I, Part A	84.010	NCLB 350010	90,041.00	9/1/09	8/31/10	(90,041.00)	2,875.00		(7,875.00)	90,041.00					
ARRA - Title I, Part A	84.389	NCLB 350009	63,386.00	9/1/08	8/31/09										
Title II, Part A, Teacher & Principal Training	84.281A	ARRA 350010	34,195.00	9/1/09	8/31/10	(34,195.00)				34,195.00					
Title II, Part A, Teacher & Principal Training	84.281A	NCLB 350011	34,370.00	9/1/10	8/31/11	(34,370.00)									
Title II, Part D, Enhancing Education Through Technology	84.318X	NCLB 350011	176.00	9/1/09	8/31/10	(176.00)									
Title IV, Part A, Drug Free Schools	84.186A	NCLB 350010	1,616.00	9/1/09	8/31/10	(1,616.00)	1,616.00			917.00					
Title IV, Part A, Drug Free Schools	84.186A	NCLB 350009	1,351.00	9/1/08	8/31/09	(1,351.00)	1,004.57								
L.D.E.A. Part B, Basic Regular	84.027	FT 350011	158,738.00	9/1/10	8/31/11					347.00		(0.57)	(1,416.00)	1,616.00	
L.D.E.A. Part B, Basic Regular	84.027	FT 350010	156,173.00	9/1/09	8/31/10	(31,235.00)				118,208.00	(158,728.00)		(60,320.00)		
L.D.E.A. Part B, Preschool	84.027	FT 350011	6,238.00	9/1/10	8/31/11					31,335.00					
L.D.E.A. Part B, Preschool	84.027	FT 350010	6,025.00	9/1/09	8/31/10	(1,205.00)				4,438.00	(6,218.00)		(1,800.00)		
ARRA - L.D.E.A. Part B, Basic Regular	84.391	ARRA 350010	130,338.00	9/1/09	8/31/11	(130,338.00)	10,598.42			1,205.00			(10,599.00)	7,332.42	
ARRA - L.D.E.A. Part B, Preschool	84.392	ARRA 350010	4,703.00	9/1/09	8/31/11	(4,703.00)				119,739.00	(3,067.00)		(10,599.00)		
<b>Total Special Revenue Fund</b>						(310,116.00)	16,094.99			525,206.00	(290,358.00)	(0.57)	(94,397.00)	15,023.42	
<b>U.S. Department of Agriculture</b>															
<b>Pass-through State Department of Education</b>															
<b>Enterprise Fund:</b>															
Food Distribution Program	10.550	N/A	4,201.10	7/1/10	6/30/11					4,201.10					
School Breakfast Program	10.553	N/A	9,154.58	7/1/09	6/30/10		1,793.58				(4,201.10)				
School Breakfast Program	10.553	N/A	5,931.34	7/1/10	6/30/11					5,627.72	(5,931.34)		(903.62)		
National School Lunch Program	10.555	N/A	6,743.04	7/1/09	6/30/10	(493.73)									
National School Lunch Program	10.555	N/A	59,089.82	7/1/10	6/30/11	(6,478.03)				55,519.20	(59,089.82)		(1,570.62)		
<b>Total Enterprise Fund</b>			55,975.49	7/1/09	6/30/10	(6,971.77)	1,793.58			70,310.79	(71,015.84)		(3,874.24)		
<b>Total Federal Financial Awards</b>						(833,087.77)	\$17,888.57			\$595,525.79	(354,573.84)	(80.57)	(898,271.24)	\$15,023.42	

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

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO	
			From	To					Deferred Revenue (Accs Receivable)	Due to Grantor	Deferred Revenue/ Interfund Payable		Due to Grantor
<b>State Department of Education</b>													
<b>General Fund:</b>													
Equalization Aid	11-495-034-5120-078	1,355,948.00	7/1/10	6/30/11		1,355,948.00	(1,355,948.00)					133,530.12	1,355,948.00
Special Education Categorical Aid	11-495-034-5120-089	320,697.00	7/1/10	6/30/11		320,697.00	(320,697.00)					31,586.88	320,697.00
Extraordinary Special Education Costs Aid	11-100-034-5120-473	118,100.00	7/1/10	6/30/11			(118,100.00)						118,100.00
Extraordinary Special Education Costs Aid	10-100-034-5120-473	94,825.00	7/1/09	6/30/10		94,825.00							
On Behalf TPAF Pension Contributions	11-495-034-5095-006	6,844.00	7/1/10	6/30/11		6,844.00	(6,844.00)						6,844.00
On Behalf TPAF Post Retirement Contr.	11-495-034-5095-001	145,361.00	7/1/10	6/30/11		145,361.00	(145,361.00)						145,361.00
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	160,539.80	7/1/10	6/30/11		152,639.33	(160,539.80)	(7,900.47)					160,539.80
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	170,097.85	7/1/09	6/30/10		8,463.08							
						2,084,777.41	(2,107,489.80)	(126,000.47)				165,117.00	2,107,489.80
<b>Total General Fund</b>													
<b>Special Revenue Fund:</b>													
Character Education	07-495-034-5120-053	2,215.65	7/1/06	6/30/07								1,715.65	
<b>Debt Service Fund:</b>													
Debt Service Aid Type II	11-495-034-5120-017	177,964.00	7/1/10	6/30/11		177,964.00	(177,964.00)						177,964.00
<b>State Department of Agriculture</b>													
<b>Enterprise Fund</b>													
National School Lunch Program (State Share)	11-100-010-3360-067	1,831.33	7/1/10	6/30/11		1,628.75	(1,831.33)						1,831.33
National School Lunch Program (State Share)	10-100-010-3360-067	2,647.98	7/1/09	6/30/10		211.42		(202.58)					
National School Breakfast Program (State Share)	10-100-010-3360-096	447.60	7/1/09	6/30/10		32.50							
						1,872.67	(1,831.33)	(202.58)					1,831.33
<b>Total Enterprise Fund</b>													
						2,364,614.08	(2,287,285.13)	(126,203.05)				165,117.00	2,287,285.13
<b>Total State Financial Assistance</b>													

**NEPTUNE CITY SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2011**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(34,490.00) for the general fund and \$(8,794.33) for the special revenue fund. See Note A for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	2,141,979.80	2,141,979.80
Special Revenue Fund	299,352.33	.00	299,352.33
Debt Service Fund	.00	177,964.00	177,964.00
Food Service Fund	<u>69,222.26</u>	<u>1,831.33</u>	<u>71,053.59</u>
Total Awards & Financial Assistance	<u>\$368,574.59</u>	<u>2,321,775.13</u>	<u>2,690,349.72</u>

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension and Post Retirement Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**NEPTUNE CITY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2011**

**Section I - Summary of Auditor's Report**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**State Awards**

Dollar threshold used to distinguish between type A and B programs: \$300,000.00

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

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

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? \_\_\_\_\_ yes  X  no

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>11-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>11-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>

**Section II - Financial Statement Findings**

NONE

**Section III - State Financial Assistance Findings and Questioned Costs**

NONE

**NEPTUNE CITY SCHOOL DISTRICT**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Fiscal Year Ended June 30, 2011**

**STATUS OF PRIOR YEAR FINDINGS**

There were no prior year findings since all areas of State financial assistance for the prior year were found to be in compliance.